Small Turism Firms' Inter-organisational Relations and Knowledge Processes

The Role of Social Embeddedness in Networks

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The case of the municipality of Viborg, Denmark.

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The case of the Municipality of Viborg, Denmark

PhD Dissertation by Pennie F. Henriksen
SPIRIT, Aalborg University
Tourism Research Unit
October 2011, revised January 2012

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The case of the Municipality of Viborg, Denmark

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Pennie F. Henriksen

Aalborg, October 2011 – revised March 2012

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1 Introduction and research questions

1.1 Introduction

Increasing globalisation of the world manifested in technological, economic, political, social and cultural development trends has its effect on the tourism industry. For example, international alliances and franchises between hotels and airlines, driven by new technology, deregulation and privatisation have led to a more open market; and in combination with an increasing number of countries viewing tourism as a new economic strategy, often incited by the decline in traditional production industries like agriculture, fishery and mining, a global cut-throat competition has become evident in the fight for tourists (Gunn & Var 2002; Shaw 2004). From a Nordic perspective it is no longer next door businesses or municipalities that are the main competition, now, due to low-cost carriers, especially southern European countries have become key rivals in the pursuit of tourists. In addition to this, consumer behaviour has changed. Tourists require better service, they demand more specific and tailored experiences and product information, they are far more mobile and critical, and less loyal. Furthermore, tourists are price sensitive and compare offers. The time span between booking and consumption has decreased, and instead of having one or maybe two longer vacations a year more money is being spent on shorter vacations (Poon 1993; Werthner & Klein 1999; Novelli et al 2006). This paints a picture of tourism firms and tourist destinations facing major challenges in terms of maintaining and defending their competitive position on the tourism market. In this respect, not only within tourism but in other industries as well, collaboration and knowledge sharing are regarded as critical to the competitive advantage of firms, destinations, regions and countries (Boschma 2005; Halawi et al 2005; Scott et al 2008); in the case of tourism because it allows the industry to be more flexible in terms of its responsiveness and ability to adapt to a constantly changing external environment (Cooper 2006).

The tourism industry is a medley of different actors including e.g. public actors from different administrative levels (i.e. local, regional, national, even international), small firms, large firms (i.e. accommodation, restaurants, transport, attraction etc), local communities, and interest groups (i.e. nature, culture) (Scott et al 2008); and all can be argued to be interdependent in terms of providing a unified tourist product (Grängsjö 2003; Scott et al 2008). Different collaborative set-ups between the actors are seen as important organisational means of gathering and utilising tourism actors' different resources, such as knowledge, in a coherent way (Morrison 1998; Tinsley & Lynch 2001; Fussing Jensen 2001; Dredge 2006b). In other words, a resource-based view of the firm, which suggests that competitive advantages are obtained by exploiting internal resources, bundles of tangible and intangible assets (Barney 1991). The competitive advantages of the individual tourism firm, network, as well as the entire destination as such reflect the resources controlled, how they are utilised and developed (Håkansson & Johanson 1992; Teece et al 1997). For instance in relation to development plans, expanding the product supply or investing in more professional marketing activities that transcend the immediate geographical boundaries of the destination and thus increase the possibility of attracting tourists from the global market.

Scott et al (2008) and Shaw & Williams (2008) point out that compared to other more technological industries, such as computer soft- and hardware development, 'tourism has been slow to recognise the significance of the knowledge based economy' (Scott et al 2008, p. 40) that imbues today's society. A tourism industry characteristic that can be said to influence this alleged limited recognition of the significance of knowledge is that small firms dominate in terms of number (Morrison 1998; Smeral 1998; Thomas 2000; Getz & Carlsen 2000; Hartl 2002; Grängsjö 2003; Novelli et al 2006). Generally, small tourism firms (STFs) often offer individual/niche products and services which make them key players in tourism due to the high demand for tailored experiences and more individualised holiday experiences (Poon 1993; Getz & Carlsen 2000; Novelli et al 2006). However, despite their key role in tourism, STFs typically have limited resources (e.g. time, money) to implement new strategies, engage in product development and compete sufficiently in the national and international tourism markets (Hall 2000), and to search for new knowledge (Cooper 2006). The fact is that many STFs are family-owned and owner-operated, and their owners are categorised as lifestyle entrepreneurs (Lew et al 2004; Morrison 2006). Their social relations with for example friends, family and spouse have proven highly significant in their enterprises and market exchange (e.g. Lynch, Morrison 2007; Hall 2008). This may explain the STFs' suggested limited search for access to new external knowledge and hence the moderate innovative nature of the industry (Hjalager 2002; Sundbo et al 2007). Overall, scarce STF resources to invest in environmental adaption can be argued to contribute to a highly uncertain environment for STFs which can be said to reflect the manner in which they choose to and /or are forced to conduct business, for instance why and with whom they collaborate, about what, and to what degree and what type of knowledge they share and have access to (Duncan 1972; Atherton 2003). Due to the limited resources of STFs, collaborative strategies enabling access to resources that are otherwise difficult to obtain are identified as highly relevant for this specific group of tourism actors, helping the individual firms build sustainable competitive advantages and create competitive advantages for the entire destination as well (Gilsing et al 2008). As will become evident in the literature review, the point is that viewing STF activities on a relational level, in addition to an individual firm level, may yield a more accurate picture of their activities, especially when we consider the inter-dependence of tourism firms (Grängsjö 2003), along with STF characteristics of limited individual resources to plan and implement new strategic initiatives (Hall 2000).

Specifically concerning the importance of knowledge resources for small firms, van Gils & Zwart emphasise that '…small and medium sized enterprises' performance can improve if they adopt a more active learning orientation' (van Gils & Zwart 2004, p 685), consequently improving their environmental adaptability and thus success and survival rate (Cooper 2006). Additionally Thorpe et al (2005) point out that especially for small firms, knowledge, specifically tacit knowledge, is an important competitive asset as it has a strong aspect of non-replicability (Thorpe et al. 2005, p 262), making it difficult for competitors to copy or in other ways mimic product and processes. There are two knowledge types; tacit knowledge and explicit knowledge (Polanyi 1983). In tourism, tacitness is suggested as the main knowledge base, as knowledge in services is argued to be embodied in people and in their skills (Baum 2006; Hernández-Maestro et al 2009; Meneses & Teixeira 2011). The flow of tacit knowledge in tourism is a supportive argument, however, of the fact that the industry as such is not knowledge intensive (Scott et al 2008), as knowledge is not easily shared due to the context specific nature of tacit knowledge. So, eventhough tacit knowledge and the transfer of tacit knowledge from an organisational perspective is perceived as an essential competitive component (Wiklund & Shepherd 2003), too much tacitness facilitated by close embedded relations, such as in-house collegial relations and friends and family relations, may stifle development possibilities by e.g. hindering external explicit knowledge access via more arm's length ties. Another possible explanation for this alleged characteristic of tacit knowledge may yet again be ascribed to STFs' limited resources, in this case to invest in external knowledge sources, for instance external specialists/consultants or collaborative relations, e.g. representing other occupational groups or other geographical areas. Although tourism is said to be dominated by a relational pattern of primarily close embedded ties, scholars (e.g Uzzi 1996; DiMaggio & Louch 1998; Hansen 1999; Jack 2005; Entwisle et al. 2007) argue that having different relational ties (i.e. embedded *and* arm's length) facilitating different knowledge types (i.e. tacit and explicit) may yield different knowledge benefits, sparking knowledge creation processes that may strengthen the competitive advantages of the individual STF, the actors involved (i.e. relational ties, network), and even the tourist destination as a whole by developing novel products and services, and by creating collaborative ties and a sense of joint commitment to tourism development.

1.2 Research questions

The purpose of this study is to explore STFs' relational ties and the knowledge benefits these ties facilitate, moreover illuminating how different knowledge benefits are reflected in the ways STFs apply this knowledge in practice.

The research area is studied by investigating the following questions:

- What are the characteristics of the individual small tourism firms?

- In what ways are small tourism firms' inter-organisational relations characterised as embedded and arm's length ties, respectively?

- What knowledge types, tacit and explicit, do small tourism firms' inter-organisational embedded and arm's length relational ties facilitate?

- How is the relational ties' knowledge content put into practice in terms of knowledge strategies that support exploration, examination, and/or exploitation?

The research design is a single case with embedded multiple units of analysis (Yin 2003) (The Municipality of Viborg, Denmark), and the empirical data is generated by means of qualitative methods, in-depth face-to-face interviews, internal docs, etc. The theoretical frame for investigating the research questions can be categorised in three main topics.

1. Small tourism firm strategic management
2. Social network theory, embeddedness in networks
3. Organisational knowledge management, knowledge creation processes

STFs across the tourism industry and their inter-organisational ties and knowledge processes are the key focus of this study. It is thus necessary to get an understanding of what constitutes and characterises STFs, their businesses motives, their business environment to understand the individual firm's performance level and strategic decisions (i.e. actions formulated and implemented) to achieve organisational goals. This also helps determine the strengths and weaknesses of the tourism industry in the area, just as it gives a strong indication of the way the tourism industry as a whole is able to respond to various policy, management, and collaborative strategies (Shaw & Williams 1987; Getz & Carlsen 2000). The main theoretical foundation of this study is social network theory, which argues that individuals do not act in isolation, but are interdependent, and that individuals' behaviour is affected by the patterns of their relations (Granovetter 1985; Wasserman & Faust 2007; Scott et al 2008). The theoretical sub-stream of social embeddedness in networks, specifically Uzzi's (1996, 1997) embedded and arm's length ties approach, is relevant when investigating the research questions as the embeddedness argument in supplement to taking economic actions seriously is argued to 'look beyond the rhetoric of intentionality and efficiency and make a strong commitment toward understanding alliances, organisations and strategy, studies of social capital, network and organisation, and network theory and cultural sociology' (Dacin et al 1999, pp. 317-318). Uzzi's social embeddedness approach concerns tie content based on tie sources and variation, i.e. embedded and arm's length ties. A deeper appreciation of tie content is argued to increase the understanding of collaborative processes as it is the relational tie content that captures the meanings people attach to the relationships that are formed, i.e. meanings in terms of motives, expectations and anticipated (network) outcomes (Lynch & Morrison 2007, p. 48). Thus, the aim is to illuminate how embedded and arm's length relations affect STFs' business activities, i.e. do they facilitate tacit and/or explicit knowledge and how is this knowledge applied? Tie content, such as the transfer of tacit and explicit knowledge, is argued to vary according to tie characteristics (embedded or arm's length). Uzzi has identified three key mechanisms that regulate the expectations and behaviours of exchange partners in embedded ties: trust, fine-grained information and joint problem-solving. These three mechanisms will guide the definition of relational ties in the STFs studied. Different proximity perspectives, i.e. geographical, organisational, cognitive, institutional, and social proximity (Boschma 2005; Granovetter 1973; Davenport 2005), are argued to support the construction of embedded ties and to characterise STFs' inter-organisational relations and thus tie content. The third topic of the theoretical framework takes it point of departure in organisational knowledge management theory, specifically organisational knowledge creation processes (Nonaka 1994; Takeuchi & Nonaka 1995). The purpose of this last theoretical approach is further to investigate the concepts tacit and explicit knowledge, including the connection between them in terms of a knowledge creation process, as suggested by Nonaka & Takeuchi (1994, 1995). This is an important perspective in terms of understanding how STFs access, use and create different kinds of knowledge and pursue specific business activities. Moreover, this third theoretical pillar of the analytical framework clarifies different knowledge strategies, i.e. exploration, examination and exploitation, and how knowledge is utilised at the individual firm level as well as in collaborations on the relational level.

All in all, the research aims to provide specific empirical evidence on the role of embeddedness in networks (i.e. the relational level) in terms of knowledge processes. This indicates that it, indeed, may be more accurate to study STFs' entrepreneurial drive on a relational level rather than merely an individual level – especially considering the scarce STF resources along with the fact that tourism actors generally are viewed as inter-dependent in delivering a unified tourist product, both in terms of product development and marketing. In addition, this perspective will in practise present public tourism policy makers with an insight into STF business activities, and hence the opportunity to allocate resources supporting tourism development most efficiently.

1.3 Structure of chapters

The following outlines the chapters. The study can be divided into four main parts: an introductory and methodological part, a theoretical part, an empirical/analytical part, and finally a concluding part.

Chapter 1 introduces the topic and specific research area; chapter 2 discusses methodological considerations on an abstract philosophical level and on a more specific level in terms of generating the empirical foundation.

Chapter 3, 4, 5, and 6 concern the theoretical foundation of this study. With the objective to establish the theoretical foundation needed to obtain an understanding of STFs inter-organisational relations and knowledge processes, this part of the study starts off by discussing elements pertaining to STF management in chapter 3, specifically STF characteristics and business environment. Chapter 4 concerns inter-organisational relations and accounts for basic network elements and key concepts. The chapter focuses on the role of arm's length and embedded ties in networks and different proximity perspectives as conditions of embeddedness. Moreover, discussions in this chapter point to knowledge benefits, i.e. explicit and tacit knowledge being linked to tie strength, arm's length and embedded ties, respectively. Chapter 5 is a continuation of chapter 4 in terms of how knowledge and tourism development account for different tacit and explicit knowledge categories, highlighting the interplay between tacit and explicit knowledge in knowledge creation processes. Moreover, the chapter points to potential barriers to knowledge transfer (and collaboration) in a tourism context. Finally, the chapter presents a number of assumptions concerning the link between arm's length and embedded ties, the knowledge these ties facilitate and the type of knowledge strategies they support in terms of creating economic growth. The study's theoretical part ends with chapter 6, which concludes in a model that brings together the theoretical contributions of chapter 3, 4, and 5, and establishes an overall analytical framework for the study.

The empirical and analytical part of this study includes chapter 7, 8, and 9. Chapter 7 introduces the Municipality of Viborg in a tourism context, presenting the municipality as a tourist destination in terms of its tourist offers and who visits the destination; the chapter gives an account of tourism strategies from national, regional and specifically local level to illustrate the overall institutional set-up within which the STFs are players. Chapter 8 describes the interviewed STFs and their individual characteristics, e.g. their motive for being self-employed and challenges they experience as STF owners. Chapter 9 turns to the relational level of the STF business world focusing on actor/network activities on two levels: destination-level and firm-level. Attention is given to whom STFs collaborate with and why, and what knowledge benefits the different relations facilitate and how this knowledge is applied in a wealth creation process.

Chapter 10 concludes and perspectivises the study as a whole by answering the explorations of the study from a theoretical and an empirical perspective. It offers perspectives that from an academic as well as a practical point of view merit further investigation.

2 Methodological reflections

In contemporary society tourism is an increasingly important activity economically, socially and culturally. In a societal context, tourism has simultaneously become increasingly interesting as a field of research, but unlike e.g. religion, philosophy and physical science, tourism is argued not to be a research discipline as it lacks the required theoretical underpinning (Cooper 2008). Tribe (1997) maintains that tourism concepts are concepts that have started life elsewhere (i.e. contributing research disciplines such as economy and anthropology) and have been contextualised to give them a tourism dimension. Consequently the study of tourism should be viewed as a multi-disciplinary and fragmented field of study (Tribe 2010). As suggested by Cohen (1979), the most fruitful work in the study of tourism is accomplished by combining different approaches and perspectives for the explanation of specific areas of investigation, and this is indeed the approach of this study as it draws on organisational, social, and economic theories.

Answering the research questions of this study thus builds on the interchange between the study's generated empirical foundation and different theoretical topics and perspectives. This chapter is an overview of the methodological considerations and reflections in this context. It starts with a clarification of the study's ontological standpoint, namely critical realism. In the context of critical realism, the hermeneutic paradigm which denotes scientific knowledge generation as a process of interchange between the whole and the parts of the phenomenon studied but also between the researcher and the phenomenon studied (Køppe & Collin 2008) is considered. As the study makes use of a case study research design, specific design choices are likewise discussed in this chapter, specifically focusing on the research design of the single case with embedded multiple units of analysis, as presented by Yin (2003). Then the chapter turns to the empirical foundation of the study, namely qualitative interviews. Finally, the chapter includes considerations concerning data collection and interpretation, and in this nexus aspects of reliability, validity and generalisability.

2.1 Applying critical realism

The English philosopher Ray Bhaskar is the founding father of the philosophy of critical realism which 'offers an alternative both to the spurious scientificity of positivism and to idealist and relativist reactions to positivism' (Sayer 2004, p. 6). A major point to Bhaskar's approach is that there is a mind-independent external reality which is a claim that per definition rejects the viewpoint that our knowledge is purely based on social constructivism independent of an actual reality. Another main point is that the world contains more than the given and immediately observable, i.e. there exist invisible layers in reality. The third main point is that these invisible layers can be known by way of scientific work. As such, critical realism rejects the positivistic view of knowledge creation in social science which denotes that anything real is empirically observable (Ougaard 2000; Andersen, 2007). There are measures that are argued to apply to natural and social science alike, which signifies that critical realism challenges the dominant approaches of positivism and hermeneutics by defining the power of both natural and social science to explain, as well as observe and interpret (Gale & Botterill 2005). Exploring and understanding the nature of reality is thus deemed to be the primary purpose of the critical realist and a central characteristic of critical realism is that it first and foremost is interested in ontology (i.e. the consideration of being – what is, what exists, what it means to be) over that of epistemology (i.e. when is knowledge valid).

According to Benton & Craib (2001) critical realism is insisting upon:

> The independent reality of the objects of our knowledge, and the necessity of work to overcome misleading appearances [which] implies that current beliefs will always be open to correction in the light of further cognitive work (observation, experimental evidence, interpretation, theoretical reasoning, dialogue and so on). Critical realism it thus 'fallibilist', in contrast to idealist and relativist theories of knowledge which insulate themselves from the possibility of being proven wrong by doing away with the idea of a knowable independent reality (Benton & Craib 2001)

The above suggests that concepts such as true and false are not able to give a coherent view of the relation between knowledge and its object. Knowledge is thus viewed as fallible, however it is possible to create reliable knowledge and make knowledge progress, e.g. by way of empirical checks (Sayer 1992). The approach of this research is thus that scientific knowledge generation should be understood as an ongoing process, and that concepts used to interpret and understand are constantly improved. Andersen (2007) argues that knowledge is social and history-based, and Sayer (2004) claims that no observations are theory-free and that 'social phenomenon such as actions, texts, and institutions are concepts dependent' (Sayer 2004, p. 6). Specifically, critical realism takes the position that:

> Science or the production of any other kind of knowledge is a social practice. For better or worse the conditions and social relations of the production of knowledge influence it contents. Knowledge is also largely – though not exclusively – linguistic, and not incidental to what is known and communicated' (Sayer 1992, p.6)

Knowledge generation is thus viewed as a social construct. This perspective is reflected in the overall theoretical framework applied in this study, which focuses on the relational connections between people and the knowledge benefits that result from these relations, suggesting that production of knowledge is a reflection of the type of networks in which actors are involved. This perspective supports knowledge as dynamic and ever changing (Andersen 2007), which is also how knowledge is explored in this study, as a constant interchange between tacit and explicit knowledge, a process that potentially leads to improvements of existing knowledge and in the context of this study, business activities.

Hence, critical realism acknowledges social phenomena as meaningful and such phenomena cannot be weighed and measured (positivism) but must be understood via interpretations (Sayer 2004, p 35). Critical realism thereby supports the world of science as having a hermeneutic dimension and as maintained by Andersen (2007), acknowledges that interpretations are an essential premise for knowledge to be created. The following thus includes aspects of the hermeneutic paradigm.

2.2 The hermeneutic process: Interpreting and understanding human behaviour

The study is explorative as the aim is to explore and understand STFs' inter-organisational relations and knowledge processes and how this in a practical sense influences their business activities. Originally hermeneutics concerned the interpretation and understanding of texts, but has been extended to include everything in the interpretive process (Kvale & Brinkmann 2007), e.g. verbal and non-verbal forms of communication. Meaning is thus given to people and their actions (Gilje & Grimen 2002), and a hermeneutic approach is applied with the aspiration to acquire an understanding of these meanings.

The German philosopher Hans George Gadamer (1900-2002) is one of the central figures and contributors in modern hermeneutics concerning the notions of objectivity. As described by Benton & Craib, his critique is as follows:

> …knowledge is not a product of coming to understand the action of the individual (a lá Weber) but of achieving an understanding of the movement of history, and history is the development of a common aim; we can only understand a text when we make ourselves part of that common aim out of which it emerged (Benton & Craib 2001, pp. 103 - 104)

Meaningful phenomena are thus only understandable in the context in which they emerge; the quote implies that in order to gain understanding researchers must engage in the subject matter. A central point is that we (the researchers) always bring interpretive skills, pre-understandings of and prejudices about the object of analysis. A phenomenon of research therefore cannot be approached with an empty mind in the hope of understanding it in an unmediated fashion. However, this is not a negative thing, but rather positive as a researcher's own frame of reference is a resources for obtaining understanding (Gilje & Grimen 2002; Kvale & Brinkmann 2007). Related to the theoretical perspectives and interpretation of the empirical data of this study, I as a researcher also have pre-understandings from previous related research that sparked the interest to pursue this area of research further by way of new theoretical approaches. What is important in this process of obtaining understanding is thus to become emerged in the subject matter research, *and* as a researcher strive to be conscious of own pre-understanding and prejudices and their influence on the data material and thus the overall interpretive process (Kvale & Brinkmann 2007). In the scope of this study, this aspect was specifically taken into consideration when I formulated the interview questions for the STFs. The main concern was that the questions were not too theoretical, but formulated so that individuals not emerged in the theoretical matter of this study easily could understand and answer them.

An essential element of hermeneutics is the concept of the 'hermeneutic circle', the idea of continuous movement between the whole and the parts of the phenomenon studied and between the researcher and the phenomenon studied (Køppe & Collin 2008). Benton & Craib state:

> We cannot know the part without knowing the whole of which it is a part, and at the same time we cannot understand the whole without understanding the parts that make it up (Benton & Craib 2001, p. 104)

The hermeneutic circle is a process that allows for a deeper understanding of different meanings based on the movement between the whole and the part of the phenomenon studied. In relation to this study, this specifically means that to understand the collective and inter-organisational activities of STFs (the whole) the individual characteristics of the STFs (the part) have to be explored. Similarly, in order to understand the individual STFs (the part), the context within which they exist (the destination = the whole) has to be explored. This approach links back to the constant questioning of concepts and theories as seen in critical realism.

The empirical data generated as part of this study has also been analysed based on the principles of the hermeneutic circle. First the interviews are fully transcribed and read to get an overall picture and understanding of the destination's STFs' inter-organisational relations and knowledge processes. Reflecting the theoretical themes that have guided the interviews, the interviews are analysed individually in parts the meaning of which has been established with reference to the overall analytical framework and knowledge of the context within which the STFs operate. This illustrates a movement not only between the whole and the parts of the interviews, but also the study's theoretical and empirical foundation. As mentioned, I, as a researcher, have pre-understandings concerning the research area and I enter into this process of interpretation and understanding based on these pre-understanding. Based on a continuous movement between the theoretical aspects of this study and the generated empirical data a more detailed understanding of STFs' inter-organisational relations and knowledge processes have been obtained. For instance, that the perceived level of competition and thus willingness to collaborate are linked to market uncertainty and the geographical proximity of the firms involved. STFs' sparse resources as a condition to engage in the development of relational embedded ties is yet another example of a deeper understanding gained concerning STFs' investment in inter-organisation relations. A final remark to the hermeneutic process of interpretation, understanding and assigning meaning to, is that it in theory is a never-ending process. However, in practice the process of interpretation is argued to end when coherent patterns are researched, i.e. when *gute gestalt* is obtained (Kvale & Brinkmann 2007).

Finally, concerning the generation of scientific knowledge in relation to the interplay between empirical data and theory, two methodological approaches have been recognised: induction and deduction. Inductive reasoning goes from the specific to the general, where conclusions drawn follow a set of empirical data potentially leading to the development of new theories. Deductive reasoning goes from the general to the specific, where conclusions drawn follow with necessity from a premise, the purpose being to prove or test existing theory (Benton, Craib 2001, Andersen 1990). However, neither approach entirely fits this study. In line with the hermeneutic line of thought induction is complicated as I have pre-understandings that do not make me completely free from the influence of past experiences and reading. Thereby pure inductive reasoning cannot take place since attending to the empirical data cannot ignore these prior understandings. Nor is deductive reasoning a complete fit as the study is characterised by the constant movement between the study's theoretical and empirical parts. As the study explores specific cases by way of empirical data, induction rather than deduction is argued to fit the approach of the study. Related to induction, Kvale & Brinkman (2007) refer to the grounded-theory approach concerning the development of new theories on the basis of observations and interviews. 'Grounded theory's aim is to explore basic social processes *and* understand the multiplicity of interaction the produces variation in that process' (Heath, Cowley 2004, p. 142). Supporting the hermeneutic approach of this study, grounded theory also sees researchers as social beings whose pre-understandings contribute to their understanding of the social phenomenon explored (Baker, Wuest & Stern 1992). The movement between the empirical data and theory, and as such the interplay between induction and deduction, is a key process in the grounded theory approach (Heath & Cowley 2004); all in all characteristics that may be argued to fit the approach of this study. Although there are similarities, this is not the approach applied in this study, mainly because the grounded theory approach argues that a theory cannot be simultaneously emergent and built on concepts selected from the literature, the latter being the a specific feature of this study and a general research field characteristic. Based on these considerations, this study is argued to follow the approach of abduction, or 'explorative integration' as Maaløe (2002) dubbed it. Abduction accepts the continuous interchange between induction and deduction; and between theory and the empirical data which in the scope of this study is reflected in different theoretical perspectives and approaches being consulted and incorporated to illuminate theoretical and empirical challenges as they have appeared during the study. This approach is parallel to critical realism as it seeks to constantly question and improve existing knowledge to obtain the highest possible level of understanding.

This section has established the use of critical realism and the hermeneutic process as the methodological standpoint of this study and its purpose to explore and understand small tourism firms' inter-organisational ties and knowledge processes. The main point is that knowledge is viewed as fallible and thus dynamic as there is no absolute truth. Therefore, being open to current beliefs and thus understandings of the phenomenon studied changing over time in the light of further interpretation and theoretical reasoning, the aim of this study is to obtain the best possible level understanding of the phenomenon studied at this point in time and to make a knowledge contribution to further discussions and developments within this area of research.

2.3 Qualitative research: A case study approach

Providing a method for simplifying and communicating relational ties between actors, network analysis operates with two methodological approaches; the quantitative and the qualitative approach. The quantitative network analysis approach is based on mathematical algorithms measuring network attributes, mapping relationships between actors, and displaying these result in network diagrams,[1] whereas the qualitative network analysis is based on techniques derived from anthropology and ethnography (Scott et al 2008). Although the greater part of network research outside the field of tourism applies a quantitative approach, (e.g. Gulati 1998; Stuart et al 1999; Ahuja 2000; Entwisle et al. 2007), the qualitative network approach has proven to be the primary approach in tourism research (Scott et al 2008), perhaps because qualitative work is a mechanism to 'identify the full range of issues, views and attitudes which should be pursued in large-scale research (Veal 1997, p. 130). For the purpose of striving for an in-depth and detailed analysis of relational ties and their content, a qualitative approach for data collection is adopted. Moreover, concurring with O'Donnell et al.'s (2001) and Lecher & Dowling's (2003) argument that a qualitative approach is preferable to address network processes, tie content, and network processes, rather than purely structural matters (Jack 2005, p. 1239).

Considering the explorative nature of this study and its aim to conduct an in-depth and detailed analysis, a case study approach has been identified as a suitable research strategy. Yin (2003) argues:

> In general, case studies are the preferred strategy when "how" or "why" questions are being posed, when the investigator has little control over events, and when the focus in on a contemporary phenomenon with some real-life context (Yin 2003, p. 1)

[1] See Wasermann & Faust (2007) for a detailed introduction to the methodology of quantitative network analysis.

Maaløe argues that a case study approach allows researchers to conduct an in-depth analysis of how people act and interact with each other within their own contexts (Maaløe 2002, p.31), which is precisely the aim of this study.

The research design specifically follows the single case with embedded multiple units of analysis' research design (Yin 2003., p. 40). The Municipality of Viborg is the single case and the municipality's STFs and their inter-organisational relations (networks) are the embedded units. The case study includes both single and multiple (comparative) case study approaches. Applicable to both approaches, but specifically to the single case approach, is that they provide little basis for scientific generalisation (Maaløe 2002). In this case the aim with the single case study is not statistical generalisation, but analytical generalisation (Yin 2003) to expand existing theory. Thus analytic generalisation is not generalisation to some defined population that has been sampled, but to a theory of the phenomenon being studied, a theory that may have much wider applicability than the particular case studied. As such, no claim to statistical representativeness is made, but it is assumed that the results may contribute to a general theory of the study of small tourism firms' inter-organisational relations and knowledge processes. Specifically the study explores the role of embeddedness in STFs' inter-organisational relational constructs and the value of evaluating STFs' business activities on a relational and not merely an individual level to obtain a more accurate understanding of their business activities. Even though a single case study cannot establish a complete picture of an entire industry, single case studies are lucrative, because as Page et al (1999, p. 436) argue 'there is a clear case for studies which build on existing literature to establish the extent to which similarities and differences exist within and between countries in this vital area of tourism research'.

2.3.1 Selecting the case: The Municipality of Viborg

The Municipality of Viborg is not a typical high profile tourist destination, so why choose it as the case study? The reason this area is not a popular tourist destination is the exact reason the municipality and its STFs are deemed interesting to explore. As argued in the introduction, tourism is an increasingly popular strategy for economic growth as societal structures and economies are changing and many traditional production industries disappear due to outsourcing to other countries with lower wages and production costs. Tourism as a business area is not new in the Municipality of Viborg, however as presented in chapter 7 introducing the case area, tourism as a strategy for economic growth has over the last few year achieved high status on the regional political agenda, which for instance has resulted in a specific tourism development strategy aimed at developing more professional and focused tourism efforts to reap economic benefits. Additionally, the Municipality of Viborg as a case area is specifically interesting as it as has a large number of STFs along with peripheral characteristics which are key characteristics of the majority of tourist destinations. The case area is representative of more peripheral tourist destinations in Denmark, Northern Europe and the rest of the world, and thus provides future possibilities of comparative case studies (of course including political, economic, social and cultural factors).

2.4 Data collection: Qualitative interviews

Evidence for case studies may come from a variety of sources. Yin (2003) present six sources which he regards as the most commonly used in case studies: documents, archival records, interviews, direct observation, participant-observation and physical artefacts. Yin moreover points to the value of conferring not only one but several sources to ensure data validity through cross verification from more than two sources (aspects of validity, reliability and generalisation will be referred to at the end of the chapter). This method is also applied in this study as public tourism and business development strategies, bills, public reports, firm brochures, websites and interviews provide a rich and detailed information and evidence base. However, interviews is the primary qualitative method applied, a data source which Yin (2003) calls one of the most important of the six sources. Qualitative interviews are specifically relevant in this study as they reveal the respondents' attitudes and perceptions (Kvale & Brinkmann 2007, p. 47). Interviews give respondents the possibility to describe specific situations and events openly and nuanced thereby providing a rich empirical foundation.

The interviews are semi-structured lifeworld interviews, which according to Kvale & Brinkman (2007) is an interview structure which serves the purpose of collecting and understanding the respondent's lifeworld in preparation for interpreting the meaning of the described phenomenon (Kvale & Brinkmann 2007, p. 45). The interviews are based on a semi-structured interview guide[2] that lists the overall themes of the interview and examples of potential interview questions. The interview guide ensures that overall relevant topics are illuminated (Andersen 2002). The benefit of this approach is that the respondent has a relatively large influence on what is essential to talk about within the overall frame of the interview. Unlike in interviews with a completely structured question guide, the interviewer has the possibility to pursue topics mentioned by the respondent during the interview (Kvale & Brinkmann 2007). This has been a central approach in terms of generating a strong empirical foundation as it has allowed the respondent to bring forth information that I as a researcher and interviewer could or should not have been able to anticipate.

With this approach, the interview is a conversation between two equals rather than a classic interviewer–respondent situation, and the dialog between interviewer and respondent develops continuously (2007). Turning to critical realism's notion of knowledge being fallible and the hermeneutic paradigm's idea of knowledge generation as an ongoing process of interpretation, this development influences the researcher's knowledge of the area studied and reveals new relevant interview topics. This elaboration of the research field is apparent in every interview and during the entire course of interviews.

Two kinds of qualitative interviews were conducted. The first set of interviews was conducted with the intention to gain insight and understanding of the public level tourism and business development initiatives directed at the tourism industry in the Municipality of Viborg. These interviews scrutinise the opinions and experiences of public level respondents as representatives of public authority sponsored bodies with in/direct influence on thedevelopment of tourism in the municipality. The focus is not on the personal opinions and experiences of the public level representatives but on the opinions and experiences of

[2] Appendix 1: Interview guides

the public organisations they represent.[3] The second set of interviews is with the STFs in the municipality and focuses on the personal opinions and experiences of the firm owners. These two kinds of interviews thus serve different purposes concerning the meaning of the empirical data. The interviews with the public level representatives provide specialist knowledge about and experiences with the political outset of tourism and business development initiatives in the municipality; the interviews with the STFs enable interpretations of STFs' experiences and opinions of their business environment, specifically the meaning of their inter-organisational relations, knowledge benefits and practical business outcome.

2.4.1 The empirical data

During the winter of 2011 semi-structured qualitative interviews were carried out with 13 STFs and 5 representatives from the regional and local public levels with direct or indirect influence on the tourism development in the municipality. In selecting the sample firms much effort was made to interview a cross-section of the municipality's tourism firms. A sub-criterion was that the STFs in terms of tourism offers correspond with the tourist segment and their interests as identified in the regional and municipal tourism strategies (adults with no children, families with children, and one day tourist) (cf. chapter 7) This resulted in a mix of accommodation establishments, shops, attractions/activities and restaurants.

[3] It was difficult to completely separate the opinions of the respondent and those of the organisation they represent.

Table 2-1 Interview sample - respondents[4]

Small tourism firms
5 x B&B (Oasen, Mirasola, Klosterpensionen, Søgaarden, Butik Remme/B&B)
3 x restaurant (Kongenshus, Hjarbæk Kro, Daugbjerg)
1 x hotel (Kongenshus)
4 x shop (Den Gamle Biograf, Søgaarden, Viskum, Butik Remme/B&B)
3 x artisanal (work)shop (Ravsliberen, Glaspusteriet, Viskum)
1 x attraction (Daugbjerg)
1 x camping site (Hjarbæk Fjord Camping)
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1 x graphic designer firm (Søgaarden)
1 x jam production company (Kongenshus)
1 x interior designer firm (Butik Remme/B&B)
1 x permanent residence rental company (Oasen on Bornholm)
Public actors
2 x VisitViborg (the local destination management organisation)
1 x former employees at VisitViborg
1 x Viborg Egnens Erhverråd (the local business trade council in charge of business development initiatives)
1 x Midtjysk Turisme (the regional tourism development organisation)

The number of STFs (18) in Table 2-1 exceeds the number of STF interviews (13). Moreover, 4 business activities are not specifically linked to tourism appear (illustrated below the dotted line). The explanation is that many of the STFs have more than one business activity, possibly qualifying them as so-called portfolio entrepreneurs (Pasanen 2003) (cf. chapter 3, Small tourism firm management).

The STFs were initially contacted via e-mail to present the research and explain why their participation was valuable. The e-mail finished with the objective to follow up via telephone one of the following days as to make an actual appointment. This approach was decided on partly due to STFs' limited time resources, so that when I contacted them they knew what I wanted. Another basic consideration was that by very briefly describing the project in non-theoretical terms, I, as a researcher, minimised the risk of our initial contact being

[4] Apendix 2 List of interview respondents and corresponding interview ID

‘contaminated’ by the unconscious use of theoretical terminologies in describing my objective. The interviews lasted 60-90 minutes and were carried out in the comfort of the STFs’ own home or place of business. In some cases the two locations were the same, as described by Cederholm & Hultman, a *commercial home* ‘…where boundaries between personal and commercial values are constantly performed in practice’ (Andersson Cederholm & Hultman 2010, p. 16). The thought behind visiting them in their own environment was of course to accommodate the fact that I wanted some of their limited time, get an overall impression and experience of their firms, and to ensure that the interviewees felt comfortable and thus more relaxed and open toward the questions asked. As the interviews were carried out it became apparent that some of interviewees took great pride in showing off their businesses and telling about them as we walked around the premises. Such a tour of the firm often took place after the official interview and after the dictaphone was turned off, the conversation became more informal, and e.g. stories about family and leisure time interests were shared.

If the study had focused on larger tourism firms, the sample selection would feature more attractions specifically aimed at the family with children segment as it naturally would include larger theme based attractions such as The Energy Museum, The Aqua Fresh Water Aquarium and The Iron Age Village of Hvolris. However, they are not within the scope of this research. Although the STF sample selection aims to represent a cross-section of the tourism firms in the three identified tourist target groups, the STF often fall under the categories of B&Bs, shops, art and craft (i.e. working shops), restaurants, hotels and camping sites. Consequently, the majority of the sample selection relates especially to the 40 + segment followed by the one-day tourist and the family with children segment.

The interviewed public actors from regional and local level were chosen based on their indirect and direct influence on tourism development in the Municipality of Viborg as representatives of public organisations facilitating business and individual competence development, networks and collaborative activities along with joint product and marketing efforts on destination level. One interviewee was specifically selected due to her prior employment at VisitViborg and thus her ability to report about prior organisational and collaborative conditions relating to tourism within the municipality, primarily to obtain general background knowledge.

The same approach was applied in conducting all interviews. All respondent were made aware that they were being recorded and that their statement would contribute to the empirical foundation of the study. All respondents agreed to their statements being public by quotation. To create a relaxed atmosphere each interview started with general questions and conversation, not necessary linking to the research topic but rather the weather, if it was easy to find the respondent and so on. The actual interview also started with general questions that were easy and harmless for the respondent to answer. As the interview moved on, topics and questions became more specific and direct. During the interview the respondent was confronted with potential contradictions, my own observations, statements from public documents, and statements from other interview respondents – this was used increasingly as the interview round proceeded and I gained more knowledge of the research field.

To analyse the empirical data, the interviews were listened to once, some parts several times. The interviews were fully transcribed to ensure that all details of the interviews were captured. However as indicated above, the analysis began already during the interviews. This is a reflection of my theoretical pre-understand which has structured the interview guide. Interpreting the respondents' statements during the interview allows the respondent to explicitly declare if she agrees or disagrees with my interpretations as a researcher, and gives the respondent the opportunity to elaborate and clarify and minimise the risk of misinterpretations (Kvale & Brinkmann 2007). Analysing during the interview also gives the researcher the opportunity to make the respondents' implicit meaning explicit by asking them to elaborate on 'between the lines' comments.

In qualitative research, e.g. via interviews, validity, reliability and generalisability are three key concepts in terms of evaluating the quality of the research. This section addresses these issues further, especially in relation to the interviews conducted.

Validity in social science refers to the agreement between the theoretical and the empirical foundation (Andersen 1990, p. 82), or as Kvale & Brinkmann put it, 'validity is a question of whether what is said to be explored actually is explored' (Kvale & Brinkmann 2007, p. 272). Kvale & Brinkmann (2007) call it a continuous process of questioning and theorising the generated knowledge. Validity is also a central question relating to the empirical data, specifically the credibility of interview respondents' descriptions and the general quality of the interview process, and attention is thus to be directed at both the respondent and the interviewer.

Concerning the respondents and their influence on the validity of the empirical data, Enderud (1984) argues that (1) misunderstanding, (2) forgetfulness, (3) defence reaction, (4) misguided helpfulness, and (5) prestige bias are relevant to consider. In my interviews, forgetfulness on the part of the respondents was apparent at times, specifically in relation to activities and events that happened years back, and details about publicly facilitated courses and seminars could not be remembered in detail. All interviewees agreed to their statements being used publicly as part of the study. In a few cases this seemed to cause defence reactions or rather mechanisms as the interviewees sometimes did not wish to elaborate. This is not at general tendency in the interviews as the respondents were very willing to participate, but when it did occur it was about the respondents' dissatisfaction with public initiatives or negative experiences with fellow STFs. The key explanation is that the respondents do not wish to contribute to a negative atmosphere in this industry sector where everyone more or less knows everyone thus potentially contaminating future interactions. Another possibility that is not included by Enderud (1984) is that the interviewees act on self-interest and answer accordingly instead of truthfully. This did not seem to be a problem, but one cannot be 100% sure.

In qualitative interviews, the interviewer may unintentionally influence the respondents' answers, both positively and negatively, e.g. via leading questions and physical or verbal reactions to answers. However, as Kvale & Brinkmann (2007, p. 195) maintain, asking leading questions in a qualitative interview situation is contrary to common beliefs appropriate to ensure the reliability of the respondent's answers and to verify the respondent's interpretation of the questions.

The issue of reliability relates to consistency and credibility of the generated knowledge (Andersen 1990). Yin (2003) suggests that a study's reliability is ensured if repetitions of the *same* case arrive at the same findings and conclusions. This is difficult to ensure with qualitative interviews as respondents may change their answers or give a different interviewer a different answer (Kvale & Brinkmann 2007). Kirk & Miller (1986) claim that reliability in qualitative research is a question of the observational procedures being explicitly described, and imply that arriving at the same result is not what ensures reliability. Based on Kirk & Miller's argument, this current chapter is a central element in ensuring the reliability of the study as it describes the methodological considerations and methods.

I will now move on to generalisation in qualitative research, which already has been touched upon briefly in this chapter. This study aims for analytic generalisation, which according to Yin (2003) concerns expanding theory contrary to providing statistical generalisation. The hope is thus that the approach applied in this study may have much wider applicability than the cases studied. As the case selected is argued to be representative of many small tourist destinations (i.e. numerically dominated by STFs, peripheral characteristics/challenges) (Gomm 2000) the results should provide ground for generalisation to other similar tourist destinations.

3 Small tourism firm management

Small tourism firms (STFs) across the tourism industry, their relations and knowledge processes are the key focus of this study. It is thus necessary to determine what constitutes and characterises STFs, owner characteristics, business motives, and environment, to understand the individual firm's performance level, strategic decisions and actions formulated and implemented to achieve organisational goals (e.g. Covin & Slevin 1989; Daft & Lane 2002; Wiklund & Shepherd 2003). In practice, such an understanding helps determine the strengths and weaknesses of the tourism industry, just as it gives a strong indication of the way the tourism industry as a whole is able to respond to various policy, management, and collaborative strategies (Getz & Carlsen 2000; Shaw & Williams 1987). The chapter starts with a short introduction to the overall concept of tourism, specifically the supply-side of tourism in terms of which firms can be argued to be part of this industry. After a discussion of STFs' characteristics, the chapter takes a look at STFs' environmental characteristics. Finally, a model illustrating the influences shaping STFs' business decisions is presented.

3.1 The tourism industry and its firms

Definitions of tourism abound in the tourism literature (e.g. Jafari & Ritchie 1981; Murphy 1985; McIntosh et al 1995; Gunn & Var 2002). The sum of tourism, as stated by Pearce, '…may be thought of as the relationship and phenomena arising out of the journeys and temporary stays of people travelling primarily for leisure or recreational purposes' (Pearce 1991, p. 1). As is the case for other industries, tourism has a supply- and a demand-side (Gunn & Var 2002). The demand-side refers to tourists searching for experiences (e.g. business, recreation, education, health), whereas the supply-side refers to the resources that provide these experiences, for instance transportation, attractions, accommodation, and marketing organisations. It is the supply-side that is of interest as the study focuses on STFs, which constitute a large share of the resources providing experiences for tourists (Grängsjö 2003).

Tourism is often referred to as an industry, a term also applied in this study. Even though the tourism industry does not consist of firms providing homogeneous products and hence cannot be seen as an industry in the traditional sense, the label is valid as firms in tourism (e.g. transport, attractions, accommodation, insurance, currency trade) all are '…involved in solving the same basic problem, that of meeting the needs and wants of tourists' (Leiper 1979, p. 403). Leiper suggests the following definition of the tourism industry.

> The tourism industry consists of all those firms, organisations, and facilities which are intended to serve the specific needs and wants of tourists (Leiper 1979, p. 400)

It is not easy to find a definition that encompasses each and every firm that supports and provides a service for tourists in their quest for experiences, or to determine which specific firms belong in the tourism industry. HORESTA, the Danish National Hotel, Restaurant and Tourism Trade Association, points out that there is no clear boundaries in terms of which firms are included in the estimation of the tourism industry's turnover, expenditure and export. Moreover, the actual number of hotels in Denmark is uncertain, as only hotels with 40 beds are included in the current statistics (HORESTA 2010). Both examples contribute to an incomplete and misguiding picture of the industry. Especially the latter, as it disregards the fact that STFs constitute the backbone of the tourism industry, as illustrated in a report released by Ministry of Economic and Business Affairs (2001b) which states that 68% of firms in the service sector (including tourism) are one-man firms with no additional employees.

Attempts have been made to clarify the firm boundaries of the tourism industry. For instance, in 1993 The Danish Agency for Trade and Industry presented a tourism and leisure analysis from a business economics perspective (Erhvervsfremme Styrelsen, Hoff & Overgaard & Dansk Teknologisk Institut 1993). The analysis divides the tourism industry into 10 primary activity areas, which include the travel trade, overnight stays, congresses, fairs, attractions, outdoor activities, media, spare time education, hobby, and retail. The 10 activity areas all together equal 56 business areas (Erhvervsfremme Styrelsen, Hoff & Overgaard & Dansk Teknologisk Institut 1993, p. 26). In the same vein, Lundtorp (referring to work by Gilbert, 1990) subdivides the industry into three supplier groups each with a number of sub-industries: 1) core outputs referring to arrangements, transport, overnight stays, food services and attractions, 2) private periphery outputs, which relate to tourism insurance, tourism journals, retail, private harbours and airports, and 3) public periphery outputs, which include the government's and municipalities' tourism activities (Lundtorp 1998, p. 24). A third approach to classifying firms in the tourism industry, and the one applied in this study, is the one suggested by Smith (1988). Smith operates with two tiers and argues that some firms and their commodities are specifically linked to tourism and travel, whereas other firms provide their commodities to both tourists and non-tourists. Tier 1 commodities thus reflect commodities that are 'pure tourism', such as airlines and travel agencies which, according to Smith, would cease to exist if there is no travel. Tier 2 commodities refer to e.g. restaurants, gasoline stations, rental cars, and taxis, which are important services for tourists but also others, such as local residents, and hence could continue to exist if there were no tourists (Smith 1988, p. 184). Additional tier 2 commodity providers can also be argued to include e.g. parts of the building trade. For instance, in summerhouse vacation areas, carpenters and plumbers are hired to renovate and repair floors, roofs, bathroom sinks etc.; mechanics repair tourists' cars and boats that break down or need a spare part. Thus, it is not just the traditional tourism firms (tier 1) that contribute to the tourism industry; many other firms and organisations contribute to the industry to different extents and benefit financially from tourist flows. However, Smith's classification does not define the boundaries for which specific firms belong in the tourism industry. Rather the boundaries are elastic, depending e.g. on destination and tourism product characteristics. The concept of experience economy is something that underlines this boundary elasticity. Experiences are directly linked to tourism; tourism is thus naturally included in the experience economy, but alongside other industries individually defined as experience providers, e.g. theatres, sports, architecture, advertisement, entertainment, design and fashion (Regeringen 2003). Some firms provide clear tier 1 commodities, as defined by Smith (1988), other firms provide tier 2 commodities. This latter group of firms contribute especially to the elasticity of the industry's boundaries. Consequently, STF collaborations may vary accordingly, suggesting that STFs potentially have a wide range of collaborative partners crossing both industrial and administrative boundaries resulting in a vast and inter-related web of economic actors, resources and activities.

3.2 Characterising small tourism firms

Studying small firms within the research field of tourism is not a new tendency (Shaw, Williams 1987, Stallibrass 1980). Research has focused on a wide range of areas such as the characteristics and motives of STFs (Shaw & Williams; 1987 Thomas 2000), small firms' co-operative marketing activities (Morrison 1998), small firm development, entrepreneurship and innovation (Hjalager 1999; Ioannides & Petersen 2003; Sundbo et al 2007), STF network and destination development (Tinsley & Lynch 2001), and goals of family and owner-operated tourism firms (Getz & Carlsen 2000; Getz & Carlsen 2005), just to mention a few. Among tourism researchers there is a widely held recognition that small and medium-sized tourism firms, specifically the so-called micro-firms with less than 10 employees (Ateljevic & Doorne 2000; Hall et el 2009), number-wise are the dominant enterprises, especially in Northern Europe but also elsewhere (Nilsson et al 2005; Baggio & Cooper 2010). Furthermore, STFs are viewed as important contributors to the tourism supply-side and local economic development, especially in peripheral areas, and are for instance described as '…key driving forces in 'saving' the periphery' (Morrison 1998; Smeral 1998; Thomas 2000; Ateljevic & Doorne 2000; Ateljevic 2009 p.282; Halkier et al 2002; Shaw 2004; Novelli et al 2006; Scott et al 2008). There seems to be a general consensus that STFs are often family owned and/or owner-managed firms, that they often have individual and niche products and services which make them key players in tourism destinations where the demand for tailored experiences is high due to a growing demand for individualised holiday experiences (Poon 1993; Novelli et al 2006; Getz & Carlsen 2000; Shaw & Williams 1987).

However, a contradiction emerges in the tourism literature when it views STFs as the knight in shining armour who saves especially the peripheral areas by attracting tourists, creating jobs and overall contributing to the development of the local community. The contradiction can be ascribed to the fact that STFs and their heroic status simultaneously are being categorised as demonstrating limited entrepreneurial behaviour and in most cases moderate innovative behaviour (Shaw & Williams 1998; Hjalager 2002; Shaw 2004; Sundbo et al 2007;). The point being that they cannot be viewed as both the saviour and as an impediment in terms of destination innovation and development. A report published in 2001 on the innovativeness in Danish tourism (Jensen et al 2001) argues that there are no organisations, initiatives and collaborations, e.g. with external actors (knowledge institutions, other industries), that indicate the emergence of dynamic innovation systems in tourism or that individual firms are oriented toward innovation initiatives. This limited orientation toward business development and innovation has been ascribed to STFs' limited marketing skills, quality assurance, pricing policy and cost control, reliance on personal capital, limited resources to implement new strategies, engage in product development and compete sufficiently in the tourism market nationally and internationally (Morrison 1998; Hall 2000; Hall et al 2009). Another consequence of limited financial resources is, according to Carter et al (2004), that business-owners turn to multiple income sources as 'the combination of business ownership with additional income-generating activities, such as wage labour, not only contributes to the survival of individual enterprises, but also has been central in explaining the continued survival of the small business sector' (Carter et al 2004, p. 482). In the same vein, McGehee & Kim (2004) refer to agricultural tourism, where vacation farms are established as an additional source of income due to decreasing income from traditional agriculture. Research by Ioannides & Petersen (2003) on Danish STFs on Bornholm shows that STF ventures at times are as an additional source of income during the short summer season. Concerning the relationship between innovation and tourism, the additional income element combined with limited resources may explain the lack of entrepreneurial and innovative drive (e.g. investing in collaborative activities or product development).

The notion of entrepreneurs and entrepreneurship is often associated – if not used synonymously – with small firms and their practices (Chell & Baines 2000), though the concepts can just as easily be applied to large firms and be exercised by teams and not just individuals (Shaw 2004; Hernández-Maestro et al 2009; Daft 2006). Similarly, and as pointed to by Lew et al (2004), small firms are not necessarily entrepreneurial simply because they are small. Wickham argues that 'the size of a business is a poor guide as to whether it is entrepreneurial or not' (Wickham 2006, p. 41), and that it is a firm's ability to exceed other small firms with regard to growth potential, strategic objectives, and innovation that differentiates a small entrepreneurial firm from other small firms. The fact that small firm owners and small firm entrepreneurs from an economic perspective are not the same seems to be acknowledged by researchers, also within the research field of tourism (Ateljevic & Doorne 2000; Shaw 2004; Walker & Brown 2004; Morrison 2006). The classic definition of an entrepreneur focuses on risk willingness and acceptance, alertness, creativity, innovation, opportunity exploitation and realisation, the ability to create a new concept of customer satisfaction and a new customer demand, and strong management and leadership skills (Schumpeter 1962; Birley & MacMillan 1995; Shaw & Williams 1998; Chell & Baines 2000; Ateljevic & Doorne 2000; Dollinger & Dollinger 2003; Shaw 2004; Morrison 2006; Hernández-Maestro et al 2009). In contrast, the definition of a small firm owner focuses on the prioritisation of personal goals, such as independence and flexibility, over economic optimisation (Ateljevic & Doorne 2000; Walker & Brown 2004; Morrison 2006). Firm owners have been identified as representing the bulk of STF owners and are often referred to as lifestyle entrepreneurs (Williams et al 1989). The reason is that their business motives, opposed to the search for profit maximising, often emanate from lifestyle and personal factors, indicating that business activities and the firm owner's private life are often intertwined (see e.g. the discussion on combined business and friendship relationships that develop over time, cf. chapter 4, section 4.1). Consequently, according to Sundbo et al (2007), a set of characteristics that due to people not wanting too much turbulence in their lives may result in limited innovative processes (e.g. the search for alternative collaborative partners and knowledge sources).

Concerning small firms' business motives, Nooteboom (1994) states that 'for many independents it is not a goal to innovate or to grow, but on the contrary to maintain a traditional way of life, or work, or smallness for their own sake' (Nooteboom 1994, p. 331). A case study of the Cornish tourism industry in England shows that motives for being self-employed and independent in the tourism industry are often born of a desire for a change of scene occupationally, i.e. shift to another industry, and geographically (Shaw & Williams 1987). The motive is confirmed in a Danish study of STFs on Bornholm, as the research shows that '…the main motivation for starting a tourist business was more a lifestyle choice than an economic one, namely the desire to live on Bornholm' (Ioannides & Petersen 2003, p. 419). Pertaining to lifestyle entrepreneur characteristics, Morrison quotes Andrews, Baum and Morrison (2001) in summarising behavioural characteristics of entrepreneurs providing tourists accommodation (Morrison 2006, p. 199):

- a desire to meet people and act in a host capacity while still maintaining a relatively unencumbered lifestyle;
- an aspiration to live in a place that has natural scenic beauty;
- a wish to inhabit in an accommodation and/or location that might be outside of the normal price bracket of the proprietors assets and income;
- the rejection of a perceived "rat race" of modern urban living while having built up sufficient assets/capital in previous living to move to a peripheral location without significant debt burden; and/or
- have the objective to operate a commercial concern, which does not demand 12-month attention but benefits from the effects of seasonality

The last bullet point concerning the diversification of the business is according to Hall et al '…one of the reasons why the growth in tourism businesses is often very slow' (Hall et al 2009, p. 124). Moreover, this last bullet point is of specific interest, keeping in mind that e.g. recent Danish tourism policy initiatives strive to level out seasonality in tourism with the aim of developing all-year tourism and thus a more steady and consistent turnover and employment rate (VisitDenmark 2010). This indicates a likely strategic mismatch between public and private views on local tourism development, as STFs only wish to stay open during the high season, e.g. as an additional source of income in summer months (Ioannides & Petersen 2003), leaving more time for the family and friends in the off-season; or perhaps as Blichfeldt (Unpublished work by Blichfeldt) argues; off-season is a time for some STFs to recharge their batteries, and furthermore provides the time to develop innovative and creative products.

Shaw & Williams (1989) were among the first to put words on the phenomenon of lifestyle entrepreneurs by identifying the *non-entrepreneur* and *constrained entrepreneur*. Non-entrepreneurs are as people on early retirement, with low levels of managerial skills and expertise, and little desire to develop their firms. Results based on a Finnish case study show that age and health are reasons for low desire for business growth. As Hall et al argue 'an entrepreneur near retirement does not have the motivation to invest more in the tourism business, especially if there is no possibility for succession or other means of continuity…' (Hall et al 2009, p. 124). Ioannides & Petersen (2003) link the concept of non-entrepreneur with Morrison et al's (1999) term of passive entrepreneurs or laggards, and describe the latter as non-professionals that regard the industry as having low entry barriers and as an opportunity to supplement their income during summer months (i.e. the high season). The constrained entrepreneur has limited experience and limited capital, often due to young age (Williams et al 1989). Ateljevic & Doorne (2000) argue that the constraint also may lie in the STFs being ethically bounded by way of developing niche products that build on ethical and environmental beliefs not being compromised; as such deliberately limiting, even rejecting, economic and business growth in order to maintain the socio-political ideology lifestyle attributes of business.

Not only in the generic literature but also in national, regional and local development contexts is the concept of entrepreneurship associated positively with economic growth, innovation and development. Thus, the classification of lifestyle entrepreneurs as *non*-entrepreneur has a seemingly negative sound to it. Tourism lifestyle entrepreneurs and their non-economic business motives have however been recognised as significant stimuli for tourism entrepreneurship (Sundbo et al 2007; Ateljevic & Doorne 2000, p. 378) which suggesting that the black and white typology of the classic entrepreneur and the lifestyle entrepreneur may not be accurate. For instance, the classification as a *non*-entrepreneur can be argued in some cases to be unfair, specifically considering Morrison's (2006) view on lifestyle entrepreneurs, namely that even though they do not have economic success criteria, they can contribute to regional and local development as a source of inspiration and conserver of local customs and traditions, and in so doing strengthen the local tourism product and even entrepreneurial spirit, potentially inspiring others to start their own business. Morrison (2006) argues that entrepreneurship should be more broadly conceived and include both economic and non-economic factors with reference to the industry setting, and cultural and organisational context within which the STFs are embedded (Morrison 2006, p. 202-203). Dewhurst & Horobin (1998) similarly argue that there is a need to go beyond purely economic definitions to the tourism and hospitality context of entrepreneurs as a picture emerges of entrepreneurs who base decisions on highly personalised criteria and not on economic growth. Morrison's broader approach to defining entrepreneurship has led her to conclude that lifestyle entrepreneurs, small family-owned tourism firms, whether characterised by limited career ambitions, low motivation for commercial pursuit, may unintentionally '…act as catalysts in the wealth creation process…' (Morrison 2006, p. 204). Especially in peripheral areas lifestyle entrepreneurs are argued to contribute with financial and social capital, for instance through new economic activity in the shape of attracting more tourist to the destination and possibly creating a need for additional supply side offers or even the rejuvenation of otherwise disappeared crafts (Morrison 2006, p. 204). Morrison's (2006) arguments underpins the importance of public stakeholders acknowledging lifestyle entrepreneurs, accepting their way of life and providing them, within reasonable limits, with the resources they need to survive, thrive and develop, such as professional feedback on ideas, and opportunities to meet with other business owners, if that is the sum of their needs. Finally, and as will be discussed in more detail in chapter 5 on knowledge and tourism development, the tourism industry has been identified as having a tacit knowledge base (Cooper 2006; Scott et al 2008). The fact that many STFs are family owned and/or owner operated demonstrates that social relations, e.g. with friends and family, are highly significant in small hospitality enterprises and their market exchange (Getz & Carlsen 2005; Lynch & Morrison 2007; Hall 2008). This, however, is also a factor that may result in access to new ideas, information and influences via external ties being limited, consequently strengthening the industry's tacit dimension. Another characteristic identified by Cooper (Cooper 2006, p. 57) is that successful knowledge transfer for STFs depends upon a high degree of knowledge relevance to their operation in the sense that peer networks have proven to be more valuable than external consultants. The suggested argument is that small firms prefer to have contact to other similar firms because they have a shared frame of reference.

Tourism research has focused on the individual firm and firm owners regarding entrepreneurial behaviour and their impact on innovation in tourism (Ateljevic & Li 2009), including their knowledge use, transfer and creation (Baggio & Cooper 2010). However, this may be a misleading approach based on the argument that STFs' entrepreneurial behaviour possibly should be studied on a relational level and not merely on an individual level, especially considering the inter-dependence of tourism actors in terms of providing a unified tourist product (Grängsjö 2003), along with STF characteristics of limited individual resources to plan and implement new strategic initiatives (Hall 2000). Turning to the resource-based view of the firm (Barney et al 2001) and the dynamic capabilities concept (Teece et al 1997) for inspiration, Teece et al point to the fact that '…what a firm can do is not just a function of the opportunities it confronts; it also depends on what resources the organisation can muster' (Teece et al 1997, p. 513), and as such the resource-based view argues that firm-specific resources and capabilities (i.e. a firm's capacity to deploy resources (Barreto 2010)) are the fundamental determinant of a firm's performance. In this context, Ge et al (2009) argue that both employees' personal networks and the firm's networks are core resources in terms of a firm's performance, including its ability to be entrepreneurial. Spear (2000) (in Ateljevic & Li 2009, p. 24) use the concept of collective entrepreneurship and defines it as 'pluralistic entrepreneurship underpinned by common goals but not necessarily driven by the collective motivation', and Ateljevic & Li (2009) very briefly point to the notion of collective (i.e. relational) entrepreneurship in tourism, primarily in the context of institutional arrangements on regional level and public actor influences. Spear (2006) points out that despite some recognition of collective dimensions in conventional entrepreneurship in terms of the roles played by other stakeholder (i.e. from other businesses to spouse, and friends and family relations (Gartner et al 1994), much of the research has been conducted in the area of corporate entrepreneurship. Consequently de-prioritising the role of social relations such as friends, family and spouse as suggested by Gartner et al. (1994); relational ties that have been argued important for STFs, especially in peripheral areas (see e.g. Grängsjö 2003; Lynch & Morrison 2007; Getz & Carlsen 2005). Thus, it may in fact be beneficial, even more accurate, in the case of tourism, to study development initiatives and entrepreneurial drives based on relational level activities by acknowledging STFs' relations with public actors, other venture capitalists, friends, family and spouse. However, this is not to say that there is no research on tourism destination as networks and the importance of networking and collaboration among tourism actors, touching upon partnerships, collaboration (Poon 1993; Selin & Chavez 1995; Hall 1999; Augustyn & Knowles 2000; March & Wilkinson 2009) and networking (Scott et al 2008; Tinsley & Lynch 2001; Tinsley & Lynch 2007; Sørensen 2007; Halme 2001). In terms of entrepreneurial and innovative business as well as destination development the theoretical gap lies in the lack of an analytical framework for analysing relational activities, i.e. different relational ties (i.e. personal, impersonal, formal, informal etc.) and the different benefits (i.e. resources) that these ties facilitate. Consequently, the current study aims to provide a framework that allows a differentiation of how these resources are put to use (cf. dynamic capabilities) in terms of activities that reflect development, innovation and general entrepreneurial drive that contribute to the development of individual firms, the given network of relations, and the destination as a whole.

To get an understanding of what characterises STFs' performance it is not enough to only look at individual firm characteristic and business motives as this only provides a partial understanding of STFs and the choices they make (Dewhurst & Horobin 1998). The environment within which firms operate and the STFs' relationship to this environment are also argued to be a significant influential factor, which will be discussed in the following.

3.3 Small tourism firms and their environment

With regard to environmental issues, Duncan (1972) suggests that environmental uncertainty is defined in terms of the perception of the individual, i.e. each individual firm owner may have a different tolerance for ambiguity or uncertainty (Duncan 1972, p. 313-314), perceptions and tolerance that also can be linked to firm owner's background in terms of education, skills and experiences, cf. chapter 3, section 3.2. Daft (2006) and Miller (1993) suggest that an organisation's (small *and* large) ability to cope with environmental uncertainty and adapt to the external environment is critical to a firm's continues viability. As suggested in this study's introductory chapter, Daft (2006) argues that the external environment is generally causing increased turbulence and uncertainty for organisations due to globalisation and technological development, which in turn has made the world a smaller place, giving access to new but also more demanding markets (Poon 1993), and increased competition. Atherton points out that many studies consider uncertainty to be a defining characteristic of small businesses specifically (Atherton 2003, p. 1381) indicating that STFs' environment may prove to be more dangerous and dramatic than ever before, yet, at the same time also giving rise to new possibilities and opportunities, depending on how firms react to their environment.

In an organisational context business environment can be categorised as consisting of an internal and external environment. The *internal environment* relates to relevant physical and social factors within the boundaries of the organisation, such as the behaviour of individuals, their skills, abilities and knowledge resources, goals, motivation, physical and geographical surroundings, and technological characteristics. Some of these factors, such as skills, abilities, knowledge and motivation are strongly linked to the small-scale tourism firm categorisation of entrepreneur and lifestyle entrepreneurs (Ateljevic & Doorne 2000; Williams et al 1989) discussed above. The *external environment* refers to relevant physical and societal factors outside the boundaries of the organisation, such as customers, suppliers, laws and regulations (Duncan 1972; Daft 2006; Chell 1985). STFs can be associated with a high degree of uncertainty with respect to their external environment. The tourism industry is a complex structure of a wide range of economies and as argued by Dwyer et al '…tourism trends cannot be considered in isolation from key drivers that will shape the world of the future' (Dwyer et al 2009, p. 63). Dwyer et al identify the following drivers of global change: economic, political, environmental, technological, demographic and social. These six key drivers of change are also six key drivers of possible uncertainty with regard to the STF environment. By way of example, economic changes such as the global economic crises (2007 →) has posed a threat to tourism because tourism is an industry that involves discretionary income, i.e. the money which is left when bills, rent, food etc. have been paid. In some cases large organisations have stopped sending their employees on teambuilding etc. as a result of budget saving triggered by the crises. As a consequence e.g. accommodation establishments lose customers and are forced to identify new possible customer segments to replace the old if going to survive. Concerning leisure tourism, some tourists may have stopped travelling as a result of the crisis, but far from all. Many tourists may be argued to travel differently, e.g. on a lower budget, for a shorter period of time, domestically instead of internationally. It can be argued that in order to survive as a tourism firm, services and product adaptations that fit a tight budget, or otherwise changed consumption patterns, must be made. Especially for STFs such adaption may be demanding and difficult due to their very limited resources to implement new strategies, engage in product development and compete sufficiently in the tourism market internationally and nationally (Hall 2000). Another example of external factors that may cause uncertainty in the STF environment and a need for strategic changes is the increasing environmental awareness among tourists and tourists' desire to participate, learn, and even have transformational experiences while on vacation, e.g. spiritual or personal growth (Pine & Gilmore 1999). Meeting the tourists' demands, i.e. adapting to the external environment, calls for development or change in terms of product/service which, as suggested above, may pose an overwhelming hurdle for many STFs because of their limited resources or because the identified changes go against organisation goals.

An element in the internal environment is the nature of the product offered by STFs. The tourism industry is often categorised as a service industry and in terms of product characteristics, product consumption and management it differs from manufacturing and production firms. As the product sold by tourism firms is often a service, production and consumption is often simultaneous, for example an overnight stay at a B&B. This also underpins the fact that services have intangibility. That a service is intangible means that the products consumers buy '…cannot be directly seen, tasted, felt or heard prior to their purchase and consumption (…) and consumers usually only have a receipt, a souvenir, or other memorabilia such as photographs as evidence that they actually had that experience' (Weaver & Oppermann 2000, p. 206). In contrast, manufacturing firms provide physical products which can be viewed and most often tested before purchase. However, not all tourism firms provide services (intangible products). Many small artisanal firms (Fillis 2009) produce art pieces, ceramics and the like along; they may also offer the experience of seeing the product being created and even let people participate in their creation (Garrod et al 2006). Thus, intangible features such as atmosphere, attitude and feeling are essential aspects of these firms' product. Modern tourists expect not only a product but a total experience in which they participate, learn, evolve and grow on a personal and individual level as previously mentioned in this section.

Linked to the tourism offer characteristic of simultaneous production and consumption, it is also acknowledged that tourism services are highly variable and characterised by inseparability which implies that the tourist is part of the product (Weaver & Oppermann 2000; Kotler et al 1998). Producing in interaction with the tourist requires that the customer (i.e. the tourist) is imported to the destination, which means that STFs have to live up to not only product development demands, but also to marketing demands (Grängsjö 2003). Moreover, the simultaneous production and consumption signifies that '…each consumer interaction is a unique experience that is influenced by a large number of often unpredictable 'human element' factors' (Weaver & Oppermann 2000, p. 207), meaning that a customer can experience top quality service one day, and mediocre service the next day all depending on the mood and expectations of people partaking in the service experience (Kotler et al 1998; Weaver 2000), which includes both the tourist and the service provider. A consequence of service products' intangible nature is that firm reputation is crucial in service businesses. Weaver & Lawton (2000) argue that word-of-mouth is a vital source of product information, because it involves access to people who have already experienced, and the product service providers (the firm owners) have no control over the product information being spread via word-of-mouth. Moreover, circumstances regarding the product may have changed, which leaves new customers disappointed, possibly leading to negative or even false product information being spread. At tourist destinations, tourism actors are dependent on each other in providing a unified tourist product that attracts tourists. However, as pointed out by Grängsjö (2003) each STF can only influence the tourist via its own product, as it has no control of others' products and practices. An STF is thus highly dependent on the supporting tourist offers and the strategies adopted by these actors in attracting (i.e. marketing) and servicing (i.e. product) the tourists.

The close geographical environment of a firm is also part of its internal environment. As the study's empirical case, the Municipality of Viborg has substantial areas that can be categorised as peripheral (ViborgEgnens Landdistriktsråd 2011)(cf. chapter 7). If we want to define peripheral areas, different measures in terms of e.g. (low) population density and distance to urban areas vary from country to country (Sharpley 2002; Hall 2005). In Australia, towns with less than 1000 inhabitants are regarded as peripheral; in Ireland the figure is 100 (Sharpley 2004). In a Danish context a town with less that 200 inhabitant is regarded as a rural area (Anvendt Kommunal Forskning 2000). Traditional agricultural use of land, traditional ways of life and scenic values are also measures that characterise peripheral areas generally as well as in terms of attracting tourists (Sharpley 2004). In Italy, agricultural tourism (farm tourism) is a very popular version of rural tourism. To use the words of Hall et al 'as an idea of rurality refers to different landscapes and a way of living in different cultures and economic spaces; what is considered rural in central Europe may reflect urban of semi-urban in Northern Sweden or Iceland' (Hall et al 2009, p. 115). In their article on reconceptualising rural tourism resources, Garrod et al use the concept 'countryside capital' which encompasses '…the fabric of the countryside, its villages and its market towns' (Garrod et al 2006, p. 118-119), and present rural area attributes such as landscape, seaside, wildlife, fresh air, agricultural buildings, rural settlements, historical buildings, forests, tracks, trails, streams, rivers, lakes and distinctive local customs, languages, costumes, foods, crafts, festivals, traditions, ways of life as essential. Garrod et al's definition focuses primarily on the natural attributes of what constitutes peripheral areas in identifying '…a range of components of countryside capital that might be drawn upon by the rural tourism industry at various stages of the rural tourism value chain' (Garrod et al 2006, p. 119), e.g. by drawing on these attributes in terms of image to promote rural destinations in providing tourists with things to do and attractions to visit.

Besides a rich supply side concerning natural products, researchers have identified other characteristics that give rise to a number of issues concerning tourism development in peripheral areas. In their research on public support for small firms in peripheral areas, Nilsson et al list tourism-specific issues (Nilsson et al 2005, pp. 580-581), for instance that the areas are sparsely populated and relatively isolated, distance from main generating markets and/or with difficult and costly access that affects business opportunities, they lack tourist infrastructure, weather restrictions on the length of the season (Northern Europe), social impact on small, close-knit communities that may be resistant to change, making tourism development problematic, community lacks education, training, capital (public and private) and entrepreneurship which mitigates against business formations and development. Lastly, limited organisational structures and lack of planning direction are also issues of concern. Wanhill and Buralis (Wanhill & Buhalis 1999, pp. 295-296) add to these issues by stressing an alleged limited ability to appreciate demand trends and requirements hence touting peripheral societies as inward looking and failing to appreciate and take advantage of global developments and opportunities. This is a specifically relevant issue considering the limited resources of small firms. Virkkala (2007) points to the fact that the low density of firms in peripheral areas, and as such the relative absence of local competition, oftentimes means that firms are less encouraged to innovate. Virkkala argues that a key characteristic of firms in peripheral areas is the limited access to and use of external knowledge sources to trigger innovation (Virkkala 2007), which suggests that peripheral networking and collaborative constructs may result in incestuous networks that most likely produce knowledge that is limited in scope and utility as a reflection of the networks' familiarity and similarity (Burt 1992; McAdam & Marlow 2008). Some characteristics potentially bring about challenges to the overall development of tourism in peripheral areas and to business survival in general. For example,

> …core tourist regions have traditionally a wider range of markets to access, which allows them to smooth over fluctuations in the individual markets and tackle problems of seasonality through off-peak promotions and attracting different segments, such as the conference and exhibition trade. Marketing expertise and access to adequate funds facilitate this process. Peripheral areas, on the other hand, have more limited marked opportunities and are therefore more prune to fluctuations (Wanhill & Buhalis 1999, p. 296)

A factor such as limited accessibility in many cases restricts the segments able to visit the areas, leaving only care-borne visitor as an actual segment (Nilsson et al 2005). Especially in Northern Europe weather conditions have limited the length of the season; in turn, the problem of seasonality has e.g. gained political interest in a Danish context as the development of all-year tourism in peripheral areas has been recognised as a means of economic rejuvenation, e.g. providing an alternative to the declining production industries. Still, as discussed previously in this chapter, tourism is vulnerable to the external environment, and according to Wanhill & Buhalis (Wanhill & Buhalis 1999, p. 296) 'if tourism project are viewed in general as being risky, then the problem is magnified in peripheral areas' as they often can be associated with a high degree of uncertainty, leaving them vulnerable due to lack of resources and in some cases constraint in terms of unwillingness to compromise personal and lifestyle beliefs'. As suggested in this section, a number of environmental influences affect the development of STFs and tourist destinations in different ways. The last section provides an overview of the different STF business decision influences introduced in this chapter.

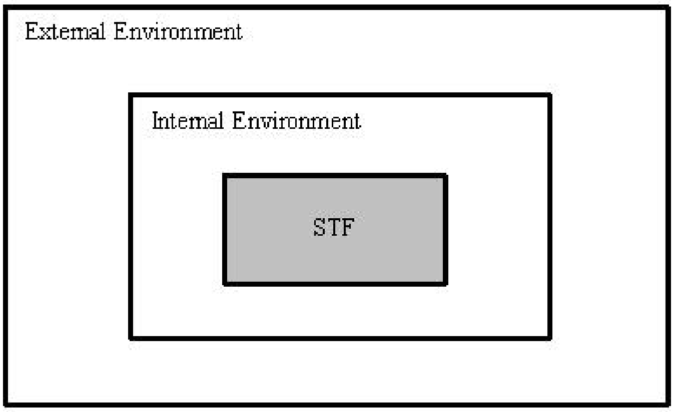
3.4 Chapter overview

All in all, this chapter has been a discussion of STF characteristics and environmental variables. Tourism scholars broadly recognise that individual characteristics, such as beliefs, experience, age, education, even personality traits shape and influence STFs' business decisions (Dewhurst & Horobin 1998). STFs have been recognised as an essential part of the tourism industry's supply side, especially in peripheral areas where they additionally are viewed as relevant contributors to their local communities. Studies within the existing STF literature moreover agree that most STFs mainly can be characterised as lifestyle entrepreneurs running family-owned micro firms with less than 10 employees. Firm resources are generally characterised as limited and business success criteria as non-financial since they rest upon personal goals and beliefs. STFs are suggested to have relatively limited entrepreneurial drive and innovation as a result of their limited resources, their owners' high age, and because they sometimes are merely second incomes in the summer months. Moreover, STFs are characterised by having a tacit knowledge base where close relational ties, such as friends and family, along with peer networks are significant resources for feedback and knowledge. Finally, the low firm density especially in peripheral areas is potentially creates incestuous network constellations among firms, limiting the knowledge scope and utility and stands in the way of development of firms as well as destination.

It is argued that STFs may have a difficult time living up to an image as the heroic key contributors to the development of their local communities when they are seen as having both limited resources and limited interest in developing their firms and destinations as a whole. Tourism research has identified two main STF types; the classic economic entrepreneur and the lifestyle entrepreneur, which again is subdivided into the so-called non-entrepreneur (i.e. passive entrepreneurs) and the constrained and ethically bounded entrepreneur. Despite the suggested limited entrepreneurial drive, existing research advocates a broader tourism entrepreneur definition, embracing the non-economic benefits from lifestyle entrepreneurs. This study similarly supports the possibility of a variation in scale when classifying individual STFs as lifestyle entrepreneurs with personal goals or as the traditional economic entrepreneurs with focus on commercialisation and economic growth. Specifically, arguing that viewing STFs' entrepreneurial and innovative development initiatives on a relational level, and not merely on an individual firm-level, may be a more exact description of STFs' activities.

Moreover, in determining STFs' business choices (in this case how they view the world, with whom they have relational ties, what type of knowledge they share), this chapter also puts emphasis on STFs' internal environmental characteristic in terms of different tourism product characteristics and challenges, specifically in peripheral areas, along with external environmental influences including economic, political, environmental, technological, demographic, and social changes as significant variables of influence.

Figure 3-1: Influences shaping small tourism firms' business decisions



Source: Own making, illustration based on chapter findings

Figure Figure 3-1 illustrates the different influences discussed in this chapter and argued to have an effect in the shaping of STF characteristics and business decisions. Understanding STFs' characteristics and business decisions can, based on this chapter, be argued to be a reflection of individual characteristics (i.e. skills, experience, knowledge, age, motives), and environmental influences: internal influences (i.e. product and area specific characteristic) and external influences (i.e. political, economic, environmental, technical, demographic, and social), respectively. That is, how STFs interpret, analyse, remember and use information about their social world determines how they perceive the context in which they are situated (Mitchell et al. 2007). For instance, whether they regard an external environmental influence such as economic changes as a situation that incites uncertainty or as a situation that incites opportunity will influence how they navigate in a given situation. External influences such as political and financial endorsement of STFs may also influence their response to such changes. Environmental influences may thus influence and reflect how STFs can be categorised in terms of their entrepreneurial orientation. Finally, just as environmental variables influence tourism firms and their business decisions, tourism firms also have the power to influence their environment. As discussed above, local firms' products and activities may very well attract potential newcomers and possibly change local demographics. Another example is local tourism firms influencing political decisions concerning local, regional even national tourism development issues. A firm owner's individual abilities, skills, and experiences needless to say affect the business choices made, for instance concerning firm growth and marketing strategies. Likewise, the interplay between individual actors' abilities, skills and experiences on a relational level is also significant for the development of the individual firm, network and tourist destination as a whole. As a result of STFs accessing and obtaining new knowledge and gaining new experiences based on the relationship between STFs and other actors within their environment, the individual firm develops in line with the development of the small business owner. As such, inter-organisational relations are argued to play a crucial role in developing a firm's economic actions. The following chapter takes a closer look at the role of social relations, specifically the role of embeddedness in networks.

4 Inter-organisational relations

Traditional neo-classic economic theories assume strictly rational behaviour, independence, self-interest, profit-maximising, hostage taking, and impersonal relationships to be key characteristics when describing business enterprise, simultaneously neglecting the social role among individuals (Granovetter 1985; Uzzi 1997; Dacin et al 1999; Grabher 1993; Hess 2004). However, the rational economic view that social relations have a minimal effect on firms' economic activities has been argued against and limitations identified (Uzzi 1997; Zukin & DiMaggio 1990). The theory of social network highlights that individuals do not act in isolation, but rather that individuals are interdependent, and that individuals' behaviour is affected by the patterns of relations of which they are a part (Granovetter 1985; Wasserman & Faust 2007; Scott et al 2008). As such the social network approach has been applied to study a number of research areas; Arabie & Wind (1994) apply social network analysis in studying marketing channels, Podolny (1994) applies social network concepts in his research on market uncertainty and the social character of economic exchange, Thatcher (1998) and Rhodes (2002) argue that it is beneficial to apply social network theory to understanding policy networks by way of capturing the meaning of everyday activities, whereas Entwisle et al (2007) turn to social network theory in arguing that neighbourhood and community effects depend on variability in social structures. Overall the volume of social network theory in organisational studies has increased radically since the second half of the 20th century (Borgatti & Foster 2003). Organisational network research comprises different more or less intertwined sub-research streams that supplement each other (Borgatti & Foster 2003), e.g. social capital relating to the value of connections, (Burt 1992; Inkpen & Tsang 2005; De Carolis & Saparito 2006), embeddedness in networks and the benefits of these ties (Jack 2005; Granovetter 1985; Uzzi 1997), joint venture and inter-firm alliances (Gulati 1998; Stuart et al 1999), and knowledge management, i.e. how knowledge is stored, shared, and new knowledge created (Argote & Ingram 2000; Cross & Cummings 2004; Byosiere et al. 2010; Durbin 2011).

Turning specifically to tourism, network theories have been applied to illustrate successful tourist destinations as being based on collaboration and cooperation between public and private tourism actors and other interest (Tinsley & Lynch 2001; Buhalis 2000; Grängsjö 2003; Morrison et al 2004). Bjork & Virtanen (2005) discuss tourism firm interdependencies in destinations in terms of attracting tourists. Similarly, research is done on the importance of inter-organisational relationships and collaboration (Lovelock 2001), and in this context inter-organisational learning (2001). Another stream of network theory in tourism focuses on tourism destination marketing e.g. in terms of alliances (Palmer & Bejou 1995; Blumberg 2005; Naipaul et al 2009) and the balance between competition and cooperation (Gummesson & Grängsjö 2006). A growing research stream in tourism focuses on the connection between network and knowledge transfer and creation (Scott et al 2008; Shaw & Williams 2008), for instance individual firms' knowledge and knowledge transfer (Hernández-Maestro et al 2009; Weidenfeld et al 2010), knowledge management as contributing to overall destination competitiveness (Baggio & Cooper 2010; Pyo 2005), and the facilitation of innovative processes (Novelli et al 2006; Hall & Williams 2008). As will become evident throughout the theoretical chapters, this study focuses on the connection between network (relations) and knowledge in tourism and pairs the two sub-streams of embeddedness in network and knowledge management, just as the concept of inter-organisational relations is a key element by focusing on the linkages between e.g. firms, suppliers, customers, competitors, friends and family (Gartner et al. 1994; Gray 2000) as influential resource facilitators in shaping and constraining a firm's performance (Teece, Pisano & Shuen 1997; Tremblay 1998).

The notions of collaboration and network have become key concepts and methods of business development in today's society. Environmental adaptation and innovation are increasingly important as a result of the ever changing and turbulent environment in which firms operate. These environmental characteristics have led to changes in the way small, as well as large, organisations interact in the business world. Competitors, buyers, suppliers, public stakeholders, and actors in different industries join forces in different organisational network constructs, such as alliances, partnerships, cluster and communities of practice to strengthen their environmental adaptability and innovative abilities, for instance by improving their strategic position, learning new skills, acquiring tacit knowledge, and tapping into monetary and technological resources (Daft 2006; Gulati 1995a).

The tourism industry is heterogeneous and it can be argued that it has always been a networked industry due to its fragmented characteristics – however, maybe not always intentionally or proactively (Scott et al 2008). In tourism networks of relationships are formed by a hotchpotch of relational ties between information bureaus, national, regional and local organisations, accommodations, restaurants, transportation, and attractions and alike, which combined make up a destination's total tourism product. As Scott et al (2008) and Riley (2000) point out, the tourism industry is the ideal context for studying networks. In the generic tourism literature the overall attitude seems to be that due to the heterogeneous nature of tourism the notion of actors proactively collaborating is a focal advantage in striving for sustainable and successful regional and destination level tourism development (Novelli et al 2006; Tinsley & Lynch 2001; Halme 2001; Dredge 2006a; Jamal & Getz 1995). In this context, the importance of small tourism firms (STFs) as key contributors to the tourism product has been argued and exemplified in chapter 3; as argued by Deakins et al (1997), it is pivotal 'to understand the ways in which, and reasons why small businesses behave as they do, it is important to develop an appreciation of small firm networks by tracing and mapping the networks which the small firms perceive to surround them, and which connects them to the economy and community, and to explore the motivations of small firms in entering networks and investing time and effort in developing and maintaining network relationships' (Deakins et al 1997, p 8) if tourism development organisations and policy makers are to target their investments to the most essential areas of development in terms of networking and its benefits. An elaborative point to the above argument is that STFs' relational ties, resource and opportunity access and maybe also business motives are a reflection of the type of networks in which they are involved (Uzzi 1996). This argument is closely related to the discussion on the relevance of studying STFs on a relational level in terms of their entrepreneurial drive, cf. chapter 3.

Thus, with roots in both the behavioural, organisational, sociological and economic research traditions social network theory is regarded as particularly relevant as it is based on the assumption of the importance of relationships among interacting actors and focuses on linkages between them, their relations and implications (Wasserman & Faust 2007). The bulk of social network theory has focussed on the structure of network ties as researchers try to explain *how* and *why* firms form ties and select partners (Granovetter 1973; Granovetter 1985; Borgatti & Foster 2003), instead of simultaneously paying attention to the content of ties and the performance-related benefits they generate (Jack 2005; Cross & Cummings 2004; Krippner & Alvarez 2007). The purpose of this study is to investigate network relational ties *and* the content, specifically the knowledge resources that flow between actors as a result of e.g. the possibly different networks and contexts in which STFs find themselves. In particular, this research focuses on the knowledge performance benefits of social ties relating to specifically firm, but also destination development.

The purpose of this chapter is twofold: to provide a basic understanding of what constitutes the characteristics and processes of inter-organisational relations by introducing key network elements and concepts; and to discuss the social network theory concepts of embeddedness, specifically social embeddedness, as it focuses on the imprint of personal ties on economic life, including a discussion of embedded tie mechanisms and the role of different proximity perspectives in this respect.

4.1 Basic network elements and key concepts

To be able to analyse STFs' relations and knowledge processes, some basic concepts and understandings are required. In this nexus, the study looks toward the concept of network, what it constitutes and, not least, basic network processes. According to the Longman Dictionary of Contemporary English a network is 'a group of people, organisations etc. that are connected or that work together' (Summers 1995, p. 953).

As argued in the introduction to this chapter, firms engage in exchange relationship with other firms in the market place, which makes social relations significant in terms of how networks are viewed. This study follows Taylor and Thorp's (2004) suggested use of the term network: 'the term network is not used to represent a definable spatial entity made up of a finite, identifiable set of individuals, such as a business unit or cluster, but that is should be seen as a fluid entity with permeable boundaries' (Lynch & Morrison 2007, pp. 44-46; Taylor & Thorpe 2004, p. 204). Hence, a network can simplistically be viewed as the structure that contains and supports networking activities (Lynch & Morrison 2007). As a result of a network's blurry boundaries both formal and informal network exist alongside one another within organisations or network constellation, a duality that exists because network boundaries are a construction of different social relationships (Durbin 2011).

According to Durbin (2011), formal networks are relatively easy to identify as they often are business related. An example form tourism is the New Zealand Wine and Tourism network, where food and wine suppliers collaborate on creating a product manual and trail guide for tourists (Tourism New Zealand). A Danish example of a formal network is The Little Tourism[5] network, which consists of small and medium-sized tourism firms from the Island of Lolland Falster dedicated to strengthening small tourism firms' via courses and joint marketing efforts (Den lille turisme 2010). An example of an often public/private formal network in tourism is a destination management organisation (DMO), for instance collaborating on marketing and product development activities. Turning toward organisation theory, formal networks often have specific guidelines such as a clear mission, leadership, funding, membership and structure. Informal networks can, unlike formal networks, be more difficult to identity as they may be formed for business reasons or social reasons, or both (Durbin 2011), very often on an individual level (Copp & Ivy 2001). In an organisation or formal network, informal networks may be formed based on common interests, even resulting in friendships within the formal work environment. For instance, a DMO provides a formal umbrella in the form of advisory services that assist in e.g. training and competence development advice along with facilitating e.g. joint promotional activities on destination-level. Individual tourism members of the DMO operate formally with the umbrella organisation but can interact informally with fellow members (MacGregor 2004, p. 66).

[5] Freely translated from the Danish 'Den lille turisme'.

Indeed, Hjørdie (2006) points to this kind of umbrella organisation as a probable breading ground for forming networks (formal and informal alike) due to the common frame of reference of the members of the umbrella organisation. Thurman suggests that informal structures of friendship can cut across hierarchical positions and departmental lines, and that it provides alternative operational channels for the actors where e.g. news about work and personal gossip passes freely within the informal structure of the network (Thurman 1980, p. 50). As will be discussed in chapter 4, section 4.4.1.on trust, relationships that are a mixture of business and friendship may also pose challenges; for instance friendship loyalty may make it difficult to end a business relationship because it no longer is beneficial. Informal networks can consist of friends, family, former and current colleagues or the like, and have been identified as especially important in STFs' start-up-stage, as these firms, often due to limited resources, as argued by Shaw (2004, p. 130), tend to rely on the informal flows of information supplied by the informal networks. Concerning social interaction in networks, formal and informal networks alike may value these equally to the formalised goals of the network. Indeed, the social purposes and interaction of a network will in fact be a reflection of the relational tie strength in the network (cf. chapter 4, section 4.3).

Regarding destination networks in peripheral tourism destinations, Grängsjö (2003) points to two network constellations: 'dominating networks' and 'equal partner networks'. A dominating network is a network where the power lies with a dominant actor who has bilateral links to other and often smaller companies. In equal networks, network actors have equal power and influence. Concerning peripheral destinations dominated by STFs, Grängsjö argues that a dominating network does not seem functional because most STFs wish to both have control and to be independent within the network. Actors at a destination can thus be organised into a network where the actors are encouraged to take responsibility and invest their own resources (money, time, involvement). Similar to the discussion above concerning formal and informal network forming in the nexus of existing formal network structure (i.e. umbrella organisation, DMO), Grängsjö (2003) points out that several parallel networks may emerge, possibly fragmentising the destination as actors work to realise different goals and pull the destination in different directions. Such additional network activities can, according to Grängsjö, also encourage collaboration and competition resulting in stimulating destination development. Lynch et al (2000)[6] in (Gibson & Lynch 2007, p.109) have summarised the benefits of tourism networks to encompass three main types: learning and exchange, business activities, and community, as illustrated with specific examples below.

[6] Lynch, P et al (2000). Developing small business networks to build profitable tourist destinations. Paper presented at Destination Development Conference, Östersund. Mid-Sweden University, 13-14 September, 2000. Not able to get a copy of article.

Table 4-1 Benefits of tourism networks

Benefit category	Identified network benefits
Learning and exchange	• Knowledge transfer • Tourism education process • Communication • Development of new cultural values • Accelerating speed of implementation of support agency initiatives • Facilitation of development stage of small enterprises
Business activities	• Co-operative activities, e.g. marketing, production, purchasing • Enhances cross-referrals • Encouraging needs-based approaches, e.g. staff development, policies • Increased visitor numbers • Best use of small enterprise and support agency resources • Extension to visitor season • Increased entrepreneurial activity • Inter-trading within network • Enhanced product quality and visitor experience • Opportunities for business development interventions • More repeat business
Community	• Fostering common purpose and focus • Community support for destination development • Increases or reinvents a sense of community • Engagement of small enterprises in destination development • More income staying local
Source: Lynch et al (2000) (in Gibson & Lynch 2007)	

Not all network benefits may occur as a result of network activities, but indeed the network benefits are recognised as being interrelated (Gibson, Lynch 2007), and in many case one network benefit is deemed to translate into another benefit outcome. For instance, exchange and learning activities are likely to translate into positive business activities such as e.g. product development.

All networks have purposes; a reason for emerging and being established, and the more passionate and willing actors are to invest in a network, the bigger the chances are of the network developing, thus touting network actors' reciprocity as a key condition for network success (Hjørdie 2006, Lipnack, Stamps 1994, Benassi 1995). Hjördie (2006) points to the most common mistake made in relation to networks, is the belief that networks run themselves. Hjørdie (2006) argues that a network is to be managed and have a goal in order to avoid being chaotic and blurred in its purpose. Consequently, the absence of some kind of rules and direction is likely to cause a feeling of uncertainty among network actors which often leads to a network's end. As will be discussed shortly, networks are as often a hybrid of various kinds of actors and resources (Håkansson & Snehota 2006), a characteristic that calls for network actors' matching their expectations[7] to ensure that they are committed to the same cause, i.e. have a shared purpose and direction. Of course, as Hjørdie maintains, this does not indicate that network actors are to have the same success criteria and motives for engaging in the network, merely that expectations are to be shared so as to prevent misunderstanding (Hjørdie 2006, p. 33).

In terms of what constitutes basic network elements, this study looks toward the network definitions provided by Håkansson & Johanson (2006), who as a result of their industrial network research[8], specifically the identification of important industrial network characteristics and processes, are known as the founding fathers of the Uppsala Network School which originated in the mid-1970s (Håkansson & Snehota 2006) and are frequently cited by network scholars (Easton 1992; Grabher 1993; Swan et al. 2000; Vatne & Taylor 2000; Lenney & Easton 2009). Traditionally the industrial network (local and non-local) and industrial district (close geographical proximity) approaches have been applied to the phenomenon of industrial life in terms of internationalisation, technology, agriculture and manufacturing (e.g. Hjalager 1999; Grabher 1993; Easton 1992). Despite certain differences such as free riding and lack of stabilised collaborative structures that enhance trust and reciprocity, there has demonstrated coinciding features in comparisons of tourism destinations and industrial districts such as a global market, an SME-based economy, extended vertical interdependence, and establishment of supportive public and semi-public policies and institutions (Hjalager 1999, pp. 11-12; Petrić & Mrnjavac 2003; Hjalager 2005; Lazzeretti & Capone 2008). Håkansson & Johanson's network model focuses on the

[7] Network expectations can for instance regard the overall purpose of the network: e.g. marketing, product development, knowledge sharing network, but also how often to meet and where, and what the individual firms specifically are hoping to gain from the network.

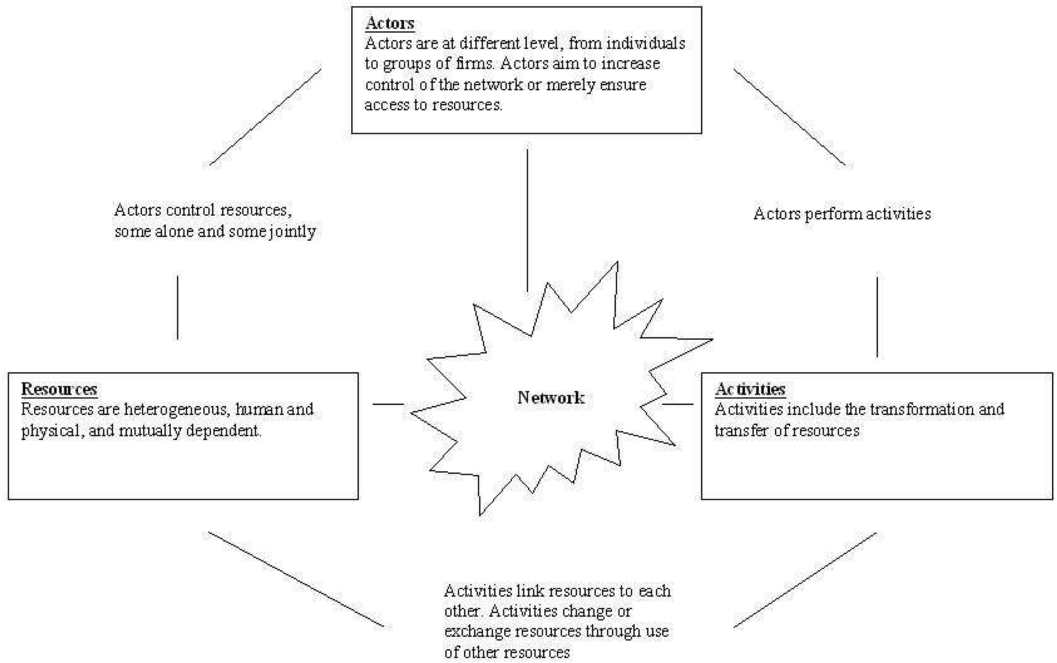
[8] Industrial networks as defined by Axelsson & Easton (1992): 'In the case of industrial networks as opposed to, say, social, communication or electrical networks, the entities are actors involved in the economic processes which convert resources to finished goods and services for consumption by end users whether they be individuals or organisations. Thus the link between actors are usually defined in terms of economic exchanges which are themselves conducted within the framework of an enduring relationship' (Axelsson & Easton 1992, p. XIV)

relationship between actors, resources and activities (ARA-model) capturing the key aspects of relationships. These relationships can emerge between businesses, suppliers and customers, between firms (B2B relationships) but also within firms at all levels (Lenney & Easton 2009, p. 553). Thus, no matter what type of network, be they relational ties between family members and friends, between firms with a technological focus, between service-oriented firms (which primarily is the case in tourism), or within business markets in general (Håkansson et al 2004), networks can be characterised as dynamic and ever-changing due to the constant interplay between actors, resources and activities. Thus, arguing that Håkansson & Johanson's model is applicable to all network types when we aim to understand the basic elements and principals of relational activities.

Håkansson & Johanson's ARA-model illustrates the basic network variables *actors*, *resource*s and *activities*, and the relationship between them. A*ctors* (also termed units, social entities, nodes) such as competitors, suppliers, kin and friends, public and private organisations, and customers (tourists) can be characterised as goal directed in developing relationships with other actors, and performing and controlling activities – either directly or indirectly. However, it is assumed that the risk of opportunistic behaviour, need and desire for control by friends, family and spouse are at a minimum due to the personal nature of such relations. Indirect control over resources is based on an actor's relationship with other actors within a network, whereas direct control over resources appears through ownership. This research has a specific focus on knowledge, and regarding the relationship between knowledge and having control of this resource, it is argued that knowledge is difficult, if not impossible to control, since it is dynamic and develops constantly, crossing and expanding existing knowledge boundaries, cf. chapter 5, section 5.4. Within the framework of social network theory the relationships that actors form with one another are termed *ties* and link actors together. Ties can have different functions and significance, e.g. transfer of material and non-material resources (selling, buying, lending or borrowing things, or information and knowledge sharing). However, it is important to point out that a tie does not necessarily imply strong and continuous interaction; a tie may simply be that two or more people attended a course together 30 years ago or shop in the same grocery store.

Network *resources* are heterogeneous. They can be stable or unstable, tangible or intangible made up of for instance knowledge, influence, status, power, time, finances, and technology. Resources can be used in different ways and in different settings. Thus, the use and value of resources depend on the actions actors perform. Resource combination possibilities are endless and often new knowledge emerges from the combination of heterogeneous resources, which again allows new and improved combinations of resources (Håkansson & Johanson 1992, pp. 32-33). According to Håkansson & Johanson a common network actor characteristic is that actors want to increase their own power and influence in the network, something that is achieved by gaining control of network resources. In this context, Burt (1992) argues that much of the resource control benefit can arise from the manipulation of information (Burt 1992, p. 78), e.g. by withholding information from certain actors. However, arguing against Håkansson & Johanson, gaining network control may not be the only objective for actors when engaging in networking activities. Some actors' network aims may be less ambiguous, e.g. they join the network because they want to be accepted and viewed as part of the whole (i.e. the network), or actors are pushed, even forced, by political forces to join a network, or they simply want to ensure access to and not necessarily control over resources. The latter linking to the resource-based view of the firm arguing that firms that are able to accumulate resources and capabilities that are rare, valuable, non-substantial, and difficult to imitate will achieve a competitive advantage over competing firms (Barney 1991). Hence, a firm's critical resources may span firm boundaries and may be embedded in inter-organisational resources and routines (Dyer & Singh 1998).

Figure 4-1: The ARA model



Source: After (Håkansson 1990)

Activities within a network can occur at all levels – from the individual to the organisational level. They occur when actors pool, develop, exchange, or create resource by utilising other resources. The different activities and therefore also actors and resources within a network are linked – loosely or closely – the key point being that changes in either actor, resource and activity elements will have consequences due to their interconnectedness (Håkansson et al 2004). These possibly unpredictable consequences may also explain why entire networks or some network actors may be hesitant to accept new members, as they may bring about uncertainty in terms of shifting power relations i.e. loss of power and influence. However, as Larson (2009a) points out, the exchange of network actors (i.e. new actors entering a network) most likely also bring about new ideas and solutions on how to renew products and processes, providing examples of festival organisers terminating relationships to forge new ones with the specific aim to achieve innovation. An example that, as will be discussed later in this chapter, supports the notion that arm's length ties, i.e. weak ties, facilitate innovative processes.

To sum up, it is the structures of the relations between *actors*, *resources* and *activities* that form networks; formal and informal. Actors within networks have different resources which when combined, coordinated and utilised enable purposeful activities to take place such as planning and implementation of specific actions. Swan et al (2000) state that in order to create and maintain network relations the individual network actor requires knowledge of the other actors within the network, as actors and their actions are interdependent rather than independent, autonomous units (Wasserman & Faust 2007). In relation to this point, turning specifically to tourism, Lynch & Morrison (2007) point to the fact the many STFs have limited knowledge about other businesses within the tourism industry, thereby suggesting that STFs indeed (intentional or unintentional) may operate more or less independently of each other, even though they together, especially from a tourist's perspective, provide a joint product and experience package. Accordingly, limited knowledge of each other may hinder STFs' individual and destination development. Reasons for their allegedly limited knowledge of each other may have a number of explanations. For instance conflicting business motives (lifestyle contra business driven firms, cf. chapter 3, section 3.2), fear of being copied as a result of sharing too much information with competitors, or even supposed coopetitioners[9], limited resources, such as time, may hinder interaction, similar to possible limited public support for tourism development may also have an influence.

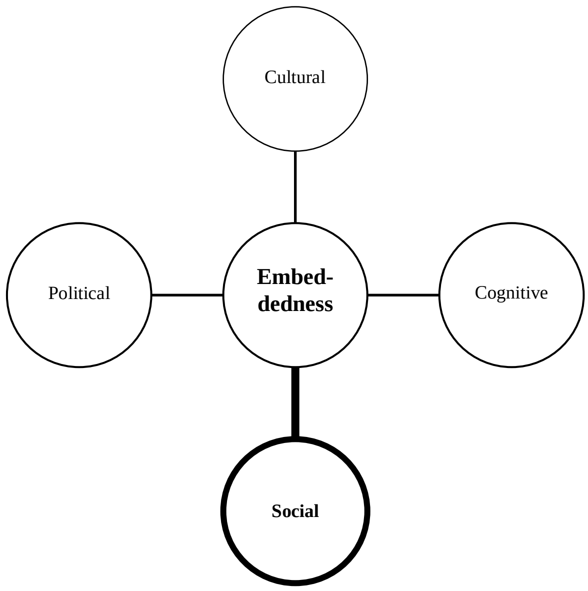
4.2 Embeddedness in networks

When contrasted to the classic and neo-classic economic approaches that define business enterprises as rational decision makers with optimal abilities, the embeddedness approach broadens the framework within which the tourism industry's enterprise multiplicity is comprised by acknowledging a variety of influential factors such as culture, politics and social relations. Moreover, as pointed out by Riley (2000) in his research on the Polish tourism industry, the embeddedness approach provides a '…more realistic proposal of the bounded rational satisfier, possessing imperfect knowledge, less than perfect ability, taking decisions which seemed good at the time' (Riley 2000, p. 196). He argues that the rationality

[9] Coopetitioners meaning competing colleagues.

of individuals is limited by the information they have access to, e.g. as a result of their relational ties, the cognitive limitations of their minds influenced by educational background, experience, culture, and the amount of time they have to make decisions. More recently, Lynch & Morrison (2007) have argued that social network analysis and the concept of embeddedness in terms of understanding network patterns, content, meanings, motives, expectations, norms, and nature of interactional relations is highly significant, as social relations in small hospitality enterprises have demonstrated in terms of market exchange (Lynch & Morrison 2007, p. 48). As indicated above by Riley (2000) and Lynch & Morrison (2007) the embeddedness approach thus embraces a variety of different perspectives.

Figure 4-2 Embeddedness perspectives



Source: Zukin & DiMaggio (1990)

As illustrated by Figure 4-2, Zukin & DiMaggio (1990) introduce three additional perspectives on embeddedness, which widen the concept by proposing that embeddedness refers not only to the social structure of actors as introduced by Granovetter (1985) in his seminal article published in the *American Journal of Sociology*, but that '…embeddedness refers to the contingent nature of economic action with respect to cognition, culture, social structure and political institutions (Zukin & DiMaggio 1990, p. 15). Cultural embeddedness can be linked to the shared collective values and norms shaping economic goals and strategies. Political embeddedness refers to the manner in which economic institutions and decisions are shaped by a power struggle which involves economic actors and non-market institutions (Zukin & DiMaggio 1990, p. 15-23). Cognitive embeddedness reflects the regularity of cognition and categories of meaning that shape economic reasoning. In other words, it is the extent to which similarities in interpretation and meanings limit the exercise of economic reasoning. Finally, structural embeddedness, from now on referred to as social embeddedness, as the focus based on qualitative research methods is on the social processes in terms of relational ties and tie content and not on relations' structural characteristics which often is based on quantitative research methods. Social embeddedness refers to the conceptualisation of economic activities in patterns of ongoing inter-personal relations, and thereby to the non-economic attachments and institutions that may shape perceptions, motivations, and actions, and thereby influence economic behaviour (Le Breton-Miller & Miller 2009, p. 1176). Thus, the social embeddedness concept highlights the social context, i.e. social structures within which firms are embedded as the key influential factor with regard to economic actions (Granovetter 1985; Burt & Minor 1985; Uzzi 1996; Uzzi 1997; Steier et al 2009). Although arguing against classic economic theories, the embeddedness argument surely takes economic actions seriously, but as Dacin et al (1999) put it, the embeddedness argument 'looks beyond the rhetoric of intentionality and efficiency and make a strong commitment toward understanding alliances, organisations and strategy, studies of social capital, network and organisation, and network theory and cultural sociology' (Dacin et al 1999, pp. 317-318) and may therefore also help solve the paradox of innovation failures identified concerning STFs, namely that they are identified, on the one hand, as key contributors to local community development and on the other hand as somewhat ignorant, non-innovative lifestyle entrepreneurs (cf. chapter 3).

When we ask why STFs, or any other business enterprises, make the choices they do it is difficult to make such an assessment based merely on one of the four proposed embeddedness perspectives as they all are interconnected, and thereby all contribute to and affect the decisions STF-owners make (cf. Figure Figure 3-1: Influences shaping small tourism firms' business decisions). For instance, some relational ties, e.g. between two or more firms, may in part be a result of a local culture that supports entrepreneurship, which also may determine the characteristics of regional and local legislation and vice versa, even in the form of public manipulative political initiatives to obtain certain network types or actions. Just as the manner in which the legislation is interpreted may be influenced by both social and cultural criteria (Riley 2000, p. 196). Indeed, the creation and manipulation of and within networks is influenced by all four embeddedness perspectives as they are complementary, even blend together and in fact different types of embeddedness may be beneficial (Rowley et al 2000). Linking to Figure Figure 3-1: Influences shaping small tourism firms' business decisions, both the cultural and political embeddedness perspectives can be argued to sort under external influences and are important to take into account when analysing cross-regional or cross-national, long-term historical or political changes (Zukin & DiMaggio 1990). Cognitive embeddedness can be argued to sort under individual/internal influences as this is a highly personalised interpretation process based on a person's existing knowledge-base, values etc.

The social embeddedness approach, with its focus on actor ties, has proven to be the most dominant of the four embeddedness perspectives, starting with the early statements by Granovetter in 1985 (Dacin et al 1999). Social embeddedness of networks is perceived as a major reason for networks' responsiveness and ability to generate incremental innovation' (Grabher 1993, p. 23), a key reason being that social ties are seen to specifically facilitate knowledge transfer and resources in general (cf. chapter 4, section 4.1) (Burt 1992; Gulati 1995a; Scott et al 2008). Moreover, as argued by Lynch & Morrison (2007) the notion of social ties has proven essential to STFs and their market exchange. As far as knowledge processes, Rutten states that "the [social] embeddedness perspective is best suited to discuss the process of knowledge creation" (Rutten 2004, p. 660). A statement that can be argued based on the fact that

> Knowledge processes involve people. In knowledge processes, people cooperate and use their knowledge in order to produce new knowledge, to share their knowledge, to acquire knowledge from other, or to apply their knowledge in the solution of problems. All these processes are social processes and as such they are embedded in a social fabric of which participants in the processes are constituents. Knowledge creation is a social process, that is to say, knowledge, fundamentally, is a characteristic of people and of relations between people (Dankbaar 2004, p. 695)

Thus, as this research aims to illuminate knowledge processes as a result of STFs' relational activities and provide theoretical knowledge to an area of limited research (Davenport 2005), the focus will be on social embeddedness as a means to determine knowledge use, transfer and possible creation of business activities. Despite the specific focus on the social embeddedness perspective as a key contributor to the overall analytical framework, the analyses will consider the remaining three embeddedness perspectives introduced in this chapter (cultural, political, and cognitive) and their possible significance. After the introduction of different embeddedness perspectives with the help of Zukin & DiMaggio (1990), the following will focus specifically on social embeddedness, as this perspective has been identified as a highly applicable theoretical approach for investigating the study's research questions.

4.3 Social embeddedness: Relational ties and resource flow

In the wake of Granovetter's (1985) open system approach to organisations and his statement that economic action is embedded in social relations, a variety of research sub-streams have developed. For instance, Gulati (1995b) applies the social embeddedness approach in his research on alliances and the role of repeated transaction; Burt (1992) focuses on the positioning of actors within networks, and Podolny (1994) focuses on the role of status in times of market uncertainty. A fourth research stream of social embeddedness focuses on tie content as a result of tie sources and variation as presented by Uzzi (1996, 1997), who more recently has studied the connection between social embeddedness and learning and the flow of public and private knowledge via arm's length and embedded ties (Uzzi & Lancaster 2003) – a topic related to the focus of this study in terms of the knowledge flow between STFs, between STFs and other actors e.g. public tourism actors, other occupational groups, and if and how this knowledge is applied in a business context.

Scholars argue that a deeper appreciation of tie content can increase the understanding of network processes as it is the relational tie content that captures the meanings people attach to the relationships that are formed, i.e. meanings in terms of motivations, expectations and anticipated network outcomes (Lynch & Morrison 2007, p. 48). Concerning the social embeddedness research sub-stream of tie content, Uzzi's (1996, 1997) has been described as providing '…perhaps the most explicit theorization of how embeddedness enhances economic performance' (Krippner & Alvarez 2007, p. 225). In his research on network ties among women's better-dress firms[10] in New York, Uzzi focuses on the structure and content of social ties and thus how ties between actors facilitate, constrain and/or shape the flow of economic activity such as information and knowledge, and argues '…that the structure and quality of ties among firms shape economic action by creating unique opportunities and access to those opportunities' (Uzzi 1996; Uzzi 1997; Uzzi & Lancaster 2003; Uzzi & Gillespie 2002). Uzzi (1996, p. 675) also acknowledges that socially embedded ties do not necessarily equal positive result in terms of economic growth, but that ties can derail performance, for instance by withholding information thus sealing off actors in the network from new information or opportunities outside the network.

Uzzi's case industry, the women's better-dress industry, has some key characteristics in common with the tourism industry, for example that it experiences intense international competition, that it is made up of many small local businesses/competitors, and has low barriers to entry and start-up costs; key characteristics that likewise are valid in describing the tourism industry. Based on these industry characteristics it is not unthinkable that part of the research results of this study will resemble Uzzi's – namely that a network that closes on itself as a result of its embeddedness can become isolated and cut off from sources of information outside network boundaries, whereas a firm which combines embedded and arm's length ties has a better chance of survival using embedded ties to partners and arm's length ties to brokers (Uzzi 1996, 1997). Anyhow, Uzzi's application of the social embeddedness approach in uncovering supply-side network activities strengthens the notion of the social embeddedness approach as a fruitful method in studying STFs as supply-side representatives in tourism.

4.3.1 Arm's length and embedded ties

Simply because firms, organisations, local residents etc. coexist in a geographical area does not necessarily signify that they collaborate or in other ways interact, or even have

[10] 'Better dress wear is a midscale market (retail $80 – $180/DKr 480- DKr 1084), comprises off-the-rack dresses, skirts, and jackets, typically sells in departments stores and chains, and tend to be price, quality, and fashion sensitive' (Uzzi 1997, p. 39).

knowledge of each others' existence. Just as firms, organisations etc. may have made a conscious choice of whom they do and do not interact with, consequently also resulting in some actors merely coexisting and the absence of a tie (i.e. a non-relation) (Simpson & McGrimmon 2008). As far as actors that do interact, Uzzi presents two forms of network exchange; arm's length ties and embedded ties. Arm's length ties are lose, one-shot deals, they tend to be impersonal, diffuse and shifting in members who are motivated by instrumental profit seeking (Uzzi & Lancaster 2003). Contrary to arm's length ties, embedded ties are close-knit and distinguished by the personal nature of the business relationship and their effect on business activities (Uzzi 1996, 1997). What is more, Uzzi & Lancaster argue that embedded ties '…create behavioural expectations that are irrelevant in the atomistic view of transacting and market learning because they shift the logic of opportunism to a logic of trustful cooperative behaviour in a way that creates a new basis for knowledge transfer and learning across firm boundaries' (Uzzi & Lancaster 2003, p. 384). According to Uzzi 'when firms keep arm's length ties with one another, the pattern of exchange produce market-like structure; when they maintain embedded ties, the pattern of exchange produces a network' (Uzzi 1996, p. 676). Exchange transactions can take place through both loose networks with impersonal and constantly shifting ties (arm's length) and stable networks with close relational ties (embedded), however the expectations and opportunities are shapes by network characteristics (Uzzi 1997, p. 36). That is, different networks may be said to facilitate different types of knowledge, knowledge use and knowledge transfer. As described here, embedded and arm's length ties appear to represent each other's opposite. However, things are never that black and white, there is almost always a grey zone. Thus, this research acknowledges the possibility of a variation in the scale of embedded and arm's length ties; this will be discussed in more detail later in this chapter when the notion of different kinds of trust linked to the different stages of a relationship (i.e. relationship lifecycle) is touched on (cf. chapter 4, section 4.4.1).

Uzzi was a student of Granovetter's[11] and his embedded and arm's length tie approach is inspired by Granovetter's (1973) notion of strong and weak ties which Granovetter

[11] Mark Granovetter was Brian Uzzi's graduate school advisor (Uzzi & Dunlap 2005).

determines according to amount of time, emotional intensity, intimacy (mutual confiding), and reciprocal services which characterise the tie (Granovetter 1973, p. 1361). Moreover suggesting that strong ties offer multiple benefits in terms of information, as information via strong ties is cheap, detailed and accurate, is usually provided by a partner who is economically invested and thus more trustworthy, and strong expectations and abstention from opportunism weigh heavily (Granovetter 1985, p. 490). More recent research on tie strength by Jack (2005) extends Granovetter's work and supports Uzzi by suggesting that the key point is the function of the tie, e.g. what type of knowledge the relational tie facilitates, what new significant relational ties can be established based on existing ties, and how the tie can be utilised for instance in terms of product and marketing development or how to make daily work processes more efficient, rather than the specific frequency of contact, which, by the way, Granovetter (1973) defined as at least twice a week in order to be characterised as a strong tie. Concerning the tie function, specifically relating to accessing new knowledge and establishing new ties via existing ones, attention is briefly directed at the notion of social capital in networks[12] where e.g. individuals and organisation are argued to provide a "bridge" across divided networks or individuals thus providing access to external resources (Burt 1992); a capacity that Granovetter (1973) specifically ascribes arm's length ties. Bonding social capital on the other hand refers to benefits that arise form the collective relations between a defined group (Newell et al 2004) often associated with embedded characterised ties.

A possible consequence of ties that are socially and morally obligated (i.e. embedded) is that they can hinder or constrain the extent of firm activities and lead to tension within the network (Jack 2005, p. 1254). Imagine a tourism development organisation and municipal tourism stakeholders at a destination that wants to develop all-year tourism in which the involvement of STFs is vital. However, embedded ties may influence the direction of the STFs (Morrison 2006; Hall & Williams 2008) and possibly their willingness to partake in e.g. public development plans. For instance, a small family-owned tourism firm seasonally opened is

[12] Adler & Kwon for example defines social capital as "…the goodwill available to individuals and groups. Its sources lie in the structure and content of the actor's social relations. Its effects flow from the information, influences, and solidarity it makes available to the actor" (Adler, Kwon 2002, p. 23).

encouraged by public actors to lengthen its opening hours and season, whereas emotional attachment to predominantly family values, such as working hard half the year to have time of for leisure and more family quality time the second half of the year, may dilute intended destination development processes initiated and urged by public tourism stakeholders. A more positive perspective on close-knit networks is presented by Ingram & Roberts (2000) in their research on friendship among competitors in the Sydney hotel industry. Their research shows that hotel directors' strong embedded relational ties can provide a knowledge of each other's price rates and room availability which leads to dramatic improvements in hotel yields. For instance, the hotels are able to spot when tourists are trying to play hotels against each other hoping to obtain room discount; moreover the hotels refer to each other if they are fully booked. Such referrals between the networking hotels have to be given in turn to avoid mistrust between network actors. E.g. if two hotels in a network of collaborating hotels start referring only to each other, despite a formal/informal agreement that says otherwise, the remaining hotels will most probably freeze the two hotels out of the network as they do not honour the agreement; i.e. if the two hotel cannot be trusted regarding referrals, the other network actors may start to question their credibility in other matters.

Concerning the relationship between arm's length and embedded ties, both Granovetter and Uzzi point to the fact that "the fewer indirect contacts one has the more encapsulated he [the network actor] will be in terms of knowledge of the world beyond his own friendship circle…"(Granovetter 1973, p. 1371). Hence, pointing to the fact that networks consisting of only embedded ties, i.e. strong and close-knit ties, can have an air of claustrophobia (Uzzi 1996, Uzzi 1997). The consequence may be that the actors do not go outside network boundaries to find new impulses and information, and thus limit the prognoses for development and innovation. Thus, to borrow the words of Grabher (1993), strong social ties can change "from ties that bind to ties that blind" (Grabher 1993, p. 24) as a result of network actors' complacency. Moreover, Uzzi (1997) has identified three conditions that may transform embeddedness into a liability: over-embeddedness, e. g. exploitation of trust and collaboration resulting in negative emotions and possible acts of revenge; the unforeseeable exit (and entrance) of key players which, as suggested earlier in this chapter

(Håkansson & Johanson 1992), can create a very uncertain environment for some actors; and the prevalence of institutional forces that rationalise markets.

Arm's length ties are thereby the channels through which socially distant ideas, influences, or information reaches the individual (Uzzi 1996, 1997). A notion supported by Burt's (1992) theory on structural holes in which he argues that an actor's position within a network can influence his or her access to resources, i.e. information and control benefits. According to Burt, an actor can maximise the amount of non-redundant information received through contacts if these contacts are unconnected. Hence, the value of arm's length ties does not lie in the weakness of the relationship, but rather in the likelihood that weak ties establish a connection to otherwise disconnected social system (Ibarra 1993, p.62). Likewise, Gulati (1995a) and Inkpen & Tsang (2005) point out that firms from outside the immediate network boundary who are not in the same niche market in most cases can supplement each other positively by contributing with new and different resources (knowledge, technology, organisational structure and strategise, work methods that promote efficiency etc.). Accordingly, this is a notion that may prove to be of immense interest considering the composite and heterogeneous nature of tourism in existing and future collaborative activities. The following section takes a closer look at trust, fine-grained information and joint problem-solving as Uzzi's (Uzzi 1996, 1997) three identified factors when measuring the expectations and behaviours of exchange patterns and hence the effect of relational ties in this context.

4.4 Tie mechanisms: Trust, fine-grained information and joint problem-solving

It has been established that there are positives and negatives associated with both embedded and arm's length ties regarding network benefits, and researchers (e.g. Granovetter 1973; Burt 1992; Uzzi & Lancaster 2003; Jack 2005) jointly argue that networks that encompass both are ideal networks since they provide different types of resources, including different types of knowledge. Despite the recognition of different ties' complementary effect on network benefits, Uzzi (996, 1997) found that even though arm's length ties are more frequent it is the close embedded ties that have the strongest influence with respect to overall business volume as a result of strong communication, information sharing and reciprocal understanding of each others' needs and resources. Research conducted by Byosiere et al on the diffusion on organisational innovation equally suggests that strong informal networks between actors are some of the most efficient channels of knowledge transfer (Byosiere et al. 2010, p. 417). Uzzi has identified three key mechanisms that regulate the expectations and behaviours of exchange partners in embedded ties: trust, fine-grained information and shared problem solving.

4.4.1 Trust

Trust has been nicknamed "relationship glue" (Lynch & Morrison 2007) and many researchers in the field of network studies emphasise trust as key to successful network relations (Granovetter 1985; Mitchell et al 1997; Rhodes 2002; Rowley et al 2000; Ateljevic 2009; Donaldson & O'Toole 2000; Chinowsky et al 2010). Nonetheless, the same researchers tend to mention trust as a matter of course only to move on to less intangible matters without commenting on for instance the relationship between collaboration and trust, or how to measure trust in relationships (Mayer et al 1995). As suggested by Mayer et al (1995) a main reason may be "…the lack of clear differentiation among factors that contribute to trust, trust itself and outcomes of trust" (Mayer et al 1995, p. 711), three differentiations that are perceived as decisive in the pending analysis.

According to Uzzi, trust can be expressed as '…the belief that an exchange partner would not act in self-interest at another's expense and appeared to operate not like calculated risk but like heuristic – a predilection to assume the best when interpreting another's motives and actions' (Uzzi 1997, p. 43). Mayer et al define trust as 'the willingness of a party to be vulnerable to the actions of another party based on the expectations that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control' (Mayer et al 1995, p. 712). This definition parallels Uzzi's and encapsulates the significance of vulnerability, emphasising that trust between actors is manifested in their willingness to take risks that not merely are acts of self-interest and opportunism. With regard to trust contributors, Uzzi's research shows that 'trust developed when extra effort was voluntarily given and reciprocated' (Uzzi 1997, p. 43). So, according to Uzzi, trust can be said to develop when extra effort is made voluntarily and reciprocated and not necessarily in transactions that are easily priced or bound by contract (Uzzi 1997, p. 43). For instance, my landlord, who is a carpenter by profession, relies on the help from his close business relations, e.g. electricians or plumbers, when something needs to be fixed in his apartment buildings; in return he helps them when they need a carpenter or an apartment near the city centre. In that way, reciprocal favours contribute to long term relationships.

Mayer et al present three contributing factors that develop trust between actors: First, *ability*, i.e. "that group of skills, competencies and characteristics that enable a party to have influence within some specific domain" (Mayer et al 1995, p. 717). In other words, trust is domain specific, i.e. an actor may be highly competent in one area but not in another. For instance, we trust doctors with medical treatment, but not with tourism planning. Second, *benevolence*, i.e. the extent an actor is believed to do good for another actor, i.e. aside from an egocentric profit motive. That is, an individual would help another individual even if it is not required or rewarded (Bhattacherjee 2002). According to Bhattacherjee "benevolence introduces faith and altruism in a relationship which reduces uncertainty and the inclination to guard against opportunistic behaviour" (Bhattacherjee 2002, p. 219). For example, an STF owner is collecting goods from her local supplier and realises that her neighbour and competitor also has some goods which he needs to pick up. She decides to take them with her and deliver the goods to her neighbour on the way home (even though she spends extra time doing this task and it was not expected of her). The third factor is *integrity*, i.e. the quality of being honest and having high moral standards. Integrity relates to actors' perception of each other and, in that connection, that they each adhere to a set of principles which they each find acceptable (Mayer et al 1995, p. 718). If people are of the perception that a person has high integrity this also means that the person in question has a good reputation which in many cases most probably will make it easier to be accepted as a network actor. The three factors are separate and may vary independently of each other as they tap into different elements of cognitive and affective abstraction of trust, albeit undoubtedly related to each other as well. Similar to Mayer et al. (1995) and Schoorman et al 2007, Sako (1992) identifies three components of trust, which she denotes *competency trust*, which is synonymous Mayer et al's (1995) ability factor; *goodwill trust* is closely related to Mayer et al's benevolence factor and refers to the mutual expectations of open commitment to each other, i.e. the willingness to do more than is formally expected e.g. in the sense that one partner places the interests of another partner ahead of their own (Sako 1992, p. 38); and finally *contractual trust*, i.e. each partner adheres to specific written or oral agreements (Sako 1992, p. 37) (i.e. contract, or replying to requests by e-mail, post, phone (Mayer et al 1995)). Contractual trust can be argued to be more formal, whereas goodwill trust is more informal when linked to Mayer et al's (1995) benevolence factor above. Nonetheless, Sako (1992) states that both goodwill and contractual trust implies the absence of opportunistic behaviour.

In 2007 when Mayer et al (1995) revisit their article on organisational trust (2007) they argue that 'judgements of ability and integrity would form relatively quickly in the course of a relationship and that benevolence judgements would take for time' (Schoorman et al 2007; p. 346), hence emphasising the time dimension in building trustful relationships. In his research on trust formation in cross-culture business-to-business relationships Heffernan (2004) focuses on the development of trust in different stages of the business-to-business relationship lifecycle, thus addressing the temporal dimension of relationship and trust development. Heffernan presents five relationship stages: the pre-relation stage (i.e. a need to form new relationships, finding and selecting the right partners), the early interaction stage (i.e. structure of the relationship are fixed, partners have little knowledge of each other), the relationship growth stage (i.e. high level of engagement and investment reduces uncertainties, high level of mutual learning toward the specifics of the relationship), the partnership stage (i.e. high level of experience and commitment, pledge to continue relationship), and the relationship end stage (i.e. no purpose of the relationship to continue). However, Heffernan points out that a relationship can be terminated at any stage of the lifecycle. Heffernan focuses on the first three phases on the relationship lifecycle and identifies so-called *search trust* in the pre-relationship phase; search trust refers to '…the search for evidence from indirect that increases a partner's level of trust within a relationship' (Heffernan 2004. p. 120) in the sense that a third party is found with the purpose of getting advice on potential partner's credibility and responsibility. These trust characteristics can be compared to Mayer et al's (1995) integrity component. In the *early interaction stage* Heffernan finds that trust builds on mutual respect concerning both contractual trust, search trust and competency trust. Contractual trust is at this stage increased or decreased by how the parties involved reply to agreements made between partners (contract, e-mail, phone etc.). Search trust at this stage relates to the parties involved scoping out each other businesses to get a feel of the culture and the atmosphere in order to determine if the partners match each others' expectations. Identifying partners' competence level is suggested to be critical in the *pre-relationship stage* in the sense that the new potential partners have the expected and needed competences (i.e. resources) for the job (i.e. activity) at hand. There is no point in entering (or continuing) a relationship with a partner who does not have the resources needed to reach the desired results of the relationship (Grängsjö 2003). In the *relationship growth stage*, goodwill trust and competency trust appear to be essential trust components. Goodwill trust and benevolence seem to develop as the actors solve a given issue in an equitable and efficient manner. This suggests that when actors in a relationship are assured that they are compatible in terms of competences, then goodwill trust is more easily accumulated because the actors involved have a clear perception of what they each stand for and can contribute with (Heffernan 2004). According to Heffernan's research, trust can be said to develop at different stages of a relationship lifecycle and in different forms (search, contractual, competence, goodwill). This means that when we analyse relational ties, i.e. the degree of embeddedness, there is not just one kind of trust, and that one kind of trust may be 'replaced' by and/or bring about another kinds of trust as the relationship moves forward in its lifecycle. Consequently, trust components make it possible to operationalise the level of embeddedness of a tie as the tie develops over time.

Uzzi's (1996, 1997) research shows that due to relationships where reciprocal trust is exercised, competitive advantage outcomes such as access to privileged and difficult to price resources are gained – exchanges that otherwise would have been difficult to obtain through arm's length ties. Uzzi & Gillespie (2002) argue that relations based on trust and reciprocity are likely to promote the transfer of distinctive knowledge and resources. Elements of risk and uncertainty are also minimised when firms operate in environments with a high degree of trust. Turning to small firms specifically, Nelson & Winter (1982) argue that small firms run by passive entrepreneurs experiencing uncertainty and possible market exclusion display limited innovative activities. In the same vein, Podolny (1994) suggest that in times of uncertainty, which is a key characteristic in tourism, organisations tend to have exchange relations with whom they have worked before and can count on; and furthermore, that the greater the uncertainty the more organisations engage in transactions with similar organisations, e.g. in terms of status and product (Podolny 1994). The arguments made by Nelson & Winter and Podolny hence suggest that arm's length ties are limited in times of uncertainty. Research moreover suggests that an actor's relational ties and network position (network status and centrality)[13] are a result of its own past alliances and those of other firms they associate with (Gulati 1995a, p. 620). For instance, research on STFs' motives to become self-employed (Shaw & Williams 1987; Ioannides & Petersen 2003) shows that previous work experience in some cases has inspired spin-offs and that in many cases the new self-employed firm owners have ongoing ties to former colleagues, thereby tapping into external knowledge resources. Depending on the value of the resources accessed through embedded ties, past alliances can entail strong network positions due to resource control, cf. Håkansson & Johanson (1992) discussed in chapter 4, section 4.1.

The concept of trust and the concept of cooperation go hand in hand. The perception of trust, i.e. if an actor is trustworthy, is a feeling inside the individual, whereas cooperation is an act. Naipaul et al (2009) suggests that trust is most beneficial in establishing collaborative relationships: "It is (…) equally important for collaborative partners to create a transparent and fair environment in which trust can be easily nurtured and maintained, since (…) trust can be a factor determining the success or failure of a collaborative project" (Naipaul et al 2009, p. 479). Although trust can often lead to collaborative behaviour between actors, 'trust is not a necessary condition for cooperation to occur, because cooperation does not

[13] See for example Knoke & Burt (1985) and Podolny (1994) for an introduction to status and centrality in networks.

necessary put a party at risk' (Mayer et al 1995, p. 712). E.g. an employee may appear cooperative at the workplace and give the impression that he trusts his colleagues and superiors, even if he does not (Mayer et al 1995). A potential reason for this behaviour may be fear of a powerful superior who may have the power to fire or otherwise impose a negative influence on daily work processes if collaborative behaviour does not exist at the workplace. Another simple reason to engage in collaborative behaviour in the absence of trust can be that there is no alternative or due to influence from external control mechanisms, for instance policy instruments (Halkier 2006), such as conditional finance: "If you wish (or wish to keep) monetary support, you will have to prove to us (the subsidy givers) that you can cooperate with xx"; or conditional authority: "If you want to sell this product or use this logo we demand that you provide quality assurance and provide a valid certificate". The fact that collaboration does not necessarily equal a relationship characterised by trust may also be leverage in terms of tie definition, i.e. embedded vs. arm's length. Relationships characterised by trust are often embedded and long-term, for instance partners collaborating on one specific task over a long period of time, or partners collaborating on and off depending on which tasks prove to be of interest to them at the same time. However, this does not signify that partners collaborating only once or for a short period of time necessarily (i.e. arm's length ties) do not have a trustful relationships; it merely signifies that the relationship has come to a natural halt as there is no purpose of the relationship to continue (i.e. the relationship end-stage, cf. Heffernan (2004), and more specifically that contractual trust most likely is the binding trust component.

Regarding the presence of trust within the tourism industry, Hjalager (1999) argues that the development of long term trust relationships is hampered by the rapid turnover of entrepreneurs, managers and professionals. Additionally, she mentions free-riding as a key impediment to building trust relations, along with the fact that common beliefs, values and goals can be difficult to obtain due to the industry's heterogeneous nature. On the other hand, she also acknowledges that SME dominant destinations could develop lasting trust relations as they operate within the same basic objectives. In her article on co-opetition and destination marketing in peripheral areas, Grängsjö (2003) identifies shared norms and values as circumstances that are beneficial for trust among STFs. That is, when shared norms and values are accepted by network actors, then the need for control in the network is reduced, and consequently control is replaced by trust. In terms of network structure, a decentralised structure with no central leaders is suggested to be the most functional structure as it gives STFs the feeling that they have influence and responsibility, consequently increasing their probability of becoming involved in the mutual work of a destination as a whole and thus more trusting as they do not feel that they are being controlled, rather they feel in control. Grängsjö finds that social relationships in peripheral areas are strong, and that as the STFs are owner-managed (i.e. single person enterprises) it is difficult to distinguish between firm owner and firm. As a result an STF's commercial relations cannot be differentiated from its personal relations (Grängsjö 2003, p. 436). This means that STFs can be vulnerable in their business transactions as their friends and family are often their business competitors and partners (Hall & Williams 2008). In terms of building a trustful relationship, friends and family relations can be argued to be a strengthening component. On the other hand, Grängsjö finds evidence that such relations create difficulties in the sense that relationships that STFs '…develop over time can become too strong [i.e. business relationships become friendships as well] and result in a failure to keep co-operations on a strictly commercial basis' (Grängsjö 2003, p. 437). This is a relational development that indeed may result in difficulties as business and friendship are mixed. For instance, if a business relationship is also a friendship, a STF may have a hard time terminating the business relationship when it is no longer beneficial (i.e. the relationship end stage in Heffernan's (2004) discussion on the relation lifecycle). A termination of the business relation may have negative effects on the friendship as the "terminated" actor is likely to feel that he is let down and his trust abused.

Trust is a state of mind, an expectation held by one trading partner (Sako 1992, p. 37), and factors like context and the individual people involved play a role in terms of their abilities, integrity and benevolence. Moreover, trust has different forms that may change as the relationship develops and changes over time (i.e. the relationship lifecycle). Turning to the core of the trust definition, namely that trust is a willingness to be vulnerable. Trust is closely related to whom one wishes and feels safe to share knowledge with , and consequently the willingness of actors to both share and use knowledge, and potentially develop knowledge, is a reflection of the extent to which relational ties are regarded as trusted recipients and reliable and valid sources of information.

4.4.2 Fine-grained information

Boschma (2005) argues that feedback from strong ties is necessary in the transfer of complex knowledge. The argument supports Uzzi's second embedded tie mechanism, namely the transfer of fine-grained information, suggesting that trust and reciprocity are likely to promote the transfer of distinctive knowledge and resources. Fine-grained information is tacit, a type of knowledge that knowledge management scholars identify as some of the most useful information in certain professional organisations (Holste & Fields 2010). Tacit knowledge includes knowledge acquired through learning by doing, e.g. the most efficient work routines and customer likes and dislikes, but also information on business strategies as seen in the research on friendship among competitors in the Sydney hotel industry (Uzzi 1996, 1997; Ingram & Roberts 2000). Fine-grained information is strongly detailed and has a holistic rather than a divisible structure (Uzzi 1997, p. 45). It can be argued that we are dealing with implicit, even complicit, knowledge that is (often only) understood and accepted by the actors involved – almost like a language or slang that only tightly-knit actors can decipher based on common experience and know-how as a result of close cognitive proximity in the form of a shared knowledge base (cf. chapter 5, section 5.5). Cooke (2007) uses complicit knowledge as '…the term that captures the interaction between externalizations (implicit-to-explicit knowledge flow) and internalizations (explicit-to-implicit knowledge flow) of knowledge in spatial knowledge domains' (Cooke 2007, p. 24). That is, as tacit knowledge resides in the minds of people and 'its availability and use depends upon individual decisions and relationships' (Holste & Fields 2010, p. 128), tacit knowledge can be difficult to communicate, especially via arm's length ties as trust is a major determinant and tacit fine-grained information, when transferred, often is done so in face-to-face interactions. In comparison, explicit knowledge, often formal and impersonal, is easily communicated as it can be reduced to writing in the form of documents, reports, presentations, patents, drawing, specifications etc. and thus more easily measured.

4.4.3 Joint problem-solving

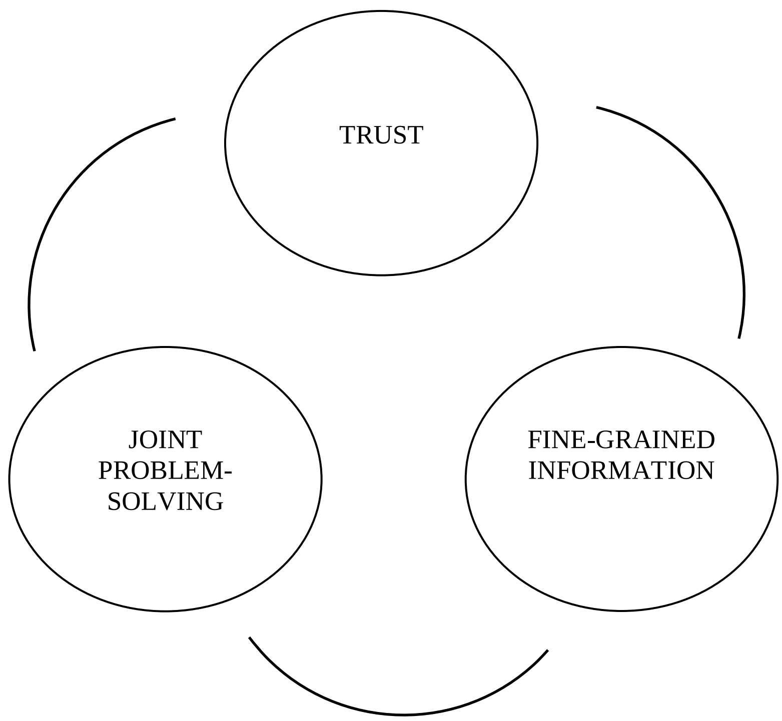
According to Uzzi (1996) joint problem-solving arrangements are brought about by embedded ties which also enable actors that are linked through embedded ties to solve problems that occur unexpectedly. From an organisational perspective, which is in line with Uzzi's embeddedness approach, joint problem-solving is one of the key goals when organisation, firm and network goals are to be met (Halme 2001; Daft 2006). Working through problems by coordinating resources and giving each other feedback enables actors to quickly adapt to changes. Moreover, direct feedback also provides firms with increased learning that they would not have been able to obtain by themselves. Thus, feedback can spark innovative processes via a combination of new ideas and resources (c.f. Håkansson & Johanson (1992), cf. chapter 4, section 4.1). Earlier in this section it was argued that arm's length ties can facilitate the flow of otherwise inaccessible information and knowledge from outside the immediate network boundary and consequently be instrumental in innovative processes. According to Uzzi's research (1996, 1997) joint problem-solving is not one of the mechanisms that characterise arm's length ties as these actors often have short-term relationships, opinions about how to do things and are unwilling to compromise or acknowledge different methods. According to Uzzi, this makes them switch to new ties (firms, actors, etc.) again and again. However, as pointed to earlier in the section concerning trust, the scale of embedded and arm's length ties may vary. For instance, as a result of the contextual setting influenced by political initiatives encouraging otherwise arm's length relations to comply with embedded tie behaviour, or the intermediate relational tie characteristics that occur in situations where arm's length ties over time develop into embedded ties. Another possibility is that actors merely co-exist and have no relational ties that bind them together. In terms of joint problem-solving in tourism, especially in the more limited geographical areas, Grängsjö (2003) argues that STFs are interdependent in providing and marketing the tourist product, and hence that they are "…obligated to collaborate with others with whom they may or may not wish to have close contact to" (Grängsjö 2003, p.

427), thereby suggesting that joint problem-solving may not be a consequence of embedded ties only.

4.4.4 The relationship between embedded tie mechanisms

The relationship between Uzzi's three embedded ties mechanisms is illustrated by Figure 4-3 below.

Figure 4-3 Relationship between embedded ties mechanisms



Source: Own making

As discussed, trust is highly individual and personalised and a reflection a person's perception of the actors around him or her. Fine-grained information can be argued to be a reflection of the depth or level of detail of the information shared between actors. Whereas the embedded ties mechanism of joint problem-solving can be argued to be purpose-related (e.g. related to the main purpose of the network). Regarding the relationship between the three mechanisms, it is not a rule that one mechanism must come before the other. For instance, external political initiatives (contrary naturally developed trustfulness between actors) may force actors to share fine-grained information, potentially resulting in joint problem solving. However, as argued in the discussion of embedded ties, the presence of trust between actors can be very beneficial in terms of establishing common ground especially for detailed and otherwise difficult to access information. Moreover, situations where actors without a trustful relationship for one reason or another must share fine-grained information or commit to joint problem-solving, can in some cases lead to future trustful relationships, additional information sharing and even knowledge development over time. Thus the three mechanisms can be said to be interlinked, but not necessarily co-dependent. Additionally, as the following will illuminate, the concept of proximity and distance and different perspectives thereof may provide an important supplement to the understanding of whom STFs interact with, about what, with what purpose.

4.5 A question of proximity: Conditions of embeddedness

In using similar terminologies, the discussion of proximity is related to the embeddedness approach presented earlier in this chapter, but the two approaches are also closely related as they often are used as measures for understanding one another. For instance, Boschma's (2005) take on social proximity is "…defined in terms of socially embedded relations between agents at the micro-level (based on friendship, kinship and past experience)". Likewise Dankbaar (2004) is interested in the importance of spatial proximity of actors as a measure of their embeddedness in regional networks, arguing that embedded ties benefit from close proximity. In this study the phenomenon of proximity is viewed as an aspect, or rather, condition of embeddedness (Gössling 2004), i.e. the phenomenon of proximity is viewed as explaining embeddedness between actors, or the lack thereof, since different proximity perspectives indicate the complexity of relations and the variety of factors of commonality and distinction that affect interaction between actors. The aim is thus to discuss and understand STFs' relational ties not only in terms of tie strength and content, but in terms of different proximity perspectives' role explaining possible cause for embeddedness and tie content.

As the following lines argue, close spatial proximity and tie strength are often interconnected and positively linked in strengthening one another, creating a breeding ground for trustful relationships and knowledge creation processes. Specifically, strong embedded ties and knowledge transfer and creation have been closely associated with close geographical proximity (Granovetter 1973; Davenport 2005), and especially in agglomeration theories (e.g. clusters, innovative milieu, and industrial districts) has geographical proximity, e.g. co-location, the presence of local infrastructure or markets (Lemarie et al 2001; Boschma 2005) been argued to be a key facilitator of trust, information transfer and joint problem-solving e.g. (Staber 1996; Amin 2000; Maskell 2001). Uzzi's (1996, 1997) research on embedded ties also focuses on the co-location of actors and their resources. [14] Barnes (2003) moreover suggests that "[social] embeddedness when joined with a geographical sensibility (geographical proximity) becomes a potent conceptual combination for understanding new form of business organisations" (Barnes 2003, p. 15). However, even though transfer of, specifically, tacit knowledge is argued to, oftentimes, be transferred in face-to-face encounters (Holste & Fields 2010), i.e. displaying close geographic proximity, researchers argue that physical proximity is not the only type of proximity that has the ability to influence relations and thus also the incentives to engage in networking activities to begin with (Davenport 2005; Sørensen 2007; Lemarie et al 2001, Tallman et al 2004). For instance, Davenport's study on the role of proximity in New Zealand biotech SMEs' innovative activities (Davenport 2005) showed that 'although most of the firms worked with local New Zealand suppliers, very few of these were described as key knowledge sources' (Davenport 2005, p. 684) suggesting that key knowledge sources are not necessarily geographically close. Martin & Sunley support the above notion by arguing that a given form of knowledge, such as tacit knowledge, is not linked to one form of geographical organisations (clusters, learning regions, industrial districts etc) or one scale of social relationships (Martin & Sunley 2003, p. 17). Further, Tallman et al (2004, p. 259) claim in the age of global electronic connectedness many are beginning to wonder if geography matters any more, as alternative groupings such as alliances without geographically close ties may show the same collective performance as detected in e.g. regional clusters. Without

[14] See for instance p. 39 in Uzzi's 1997 article for an overview of his New York interview group.

neglecting the value of geographical proximity, the following will shed light on organisational, cognitive, social, and institutional proximity (Boschma 2005) as dimensions potentially influencing the construct and knowledge processes and thus business activities of STFs.

As is the case with the different embeddedness perspectives presented by Zukin & DiMaggio (1990) (cf. chapter 4, section 4.2), the different proximity approaches are interlinked to different degrees. Nonetheless, as proposed by Vicente et al, "…a clear theoretical distinction between the different proximity perspectives leads to a better understanding of the weight of each of them in empirical analysis" (Vicente et al 2007 p. 66). Table 4-2 A proximity framework presents an overview of the different proximity perspective and key attributes creating proximity between actors.

Table 4-2 A proximity framework

	Proximity perspective				
	Geographical	***Organisational***	***Cognitive***	***Institutional***	***Social***
Attributes creating proximity	Co-location Strong communication links	Resemblance between actors: affiliation and/or similitude	Shared knowledge base Similar experiences and background	Shared institutional environment	Trustfulness between actors and shared experience

Source: Based on Boschma (2005)

According to Boschma, organisational proximity can be "…defined as the extent to which relations are shared in an organisational arrangement, either within or between organisations"; where low organisational proximity is an indication of no ties between independent actors, whereas high organisational proximity indicates strong ties as in an hierarchically organised firm (Boschma 2005, p. 65). Torre & Gilly (2000) further suggest that organisational proximity is based on two types of logic. First, the logic of *adherence* where organisational proximity can be defined as the degree to which actors belong to the same space of relations, such as a firm, a network or even a destination, and that there are direct interactions between these actors. A tourism-specific example of high organisation proximity, based on the similarity logic, is that many Danish campsites (325 sites total) are members of the association DK-Camp[15], who provides joint marketing solutions for its members and looks for ways to improve member camping sites to hold on to current customers and attract new customers (campers). Secondly, the *logic of similarity*, where organisational proximity means that actors are alike (Torre & Gilly 2000, p. 174), i.e. have the same reference space, share the same knowledge, or provide similar products. An example of close organisational proximity based on the similarity logic is that B&Bs offer the same core product, namely a bed to sleep in and breakfast, though acknowledging that the individual business concepts and related services may differ somewhat. In the context of organisational proximity, Sundbo et al (2007) refer to relations between similar businesses, such as B&Bs, as competitive relations, and refer to relations between complementary firms, such as hotels, attractions, restaurants, as complementary relations. In the context of STFs at a specific tourist destination, the latter example of complementary relations can be argued to represent distant proximity as firms offer different products. On the other hand, there is an element of close organisational proximity in the shared space of reference as they are all physically situated at the same geographically defined destination. The former, competitive relations among B&Bs can be argued to reflect close organisational proximity in both respects (adherence and similarity), since they offer identical core products within the same space of reference, in this case the destination. Furthermore, cognitive as well as institutional proximity matters in relation to organisational proximity. Cognitive proximity, in the sense that actors share the same knowledge base; and institutional proximity, in the sense that they share the same institutional environment and hence the same reference frame.

As mentioned above, cognitive proximity relates to 'the distance that separates individuals or organisations in terms of knowledge base' (Vicente et al 2007, p. 65). The cognitive proximity perspective focuses on the cognitive capabilities of the individual or organisation as a whole, i.e. their ability to identify, interpret, and exploit knowledge (Cohen & Levinthal 1990), and moreover that cognitive close actors may learn from each other based on shared knowledge base and experiences (Boschma 2005). In times of uncertainty, specifically in

[15] www.dk-camp.dk

relation to searching for knowledge (Boschma 2005), firms have according to Podolny (1994) a strong tendency to search in close cognitive proximity to their existing knowledge base, partly because that is what they know, partly as a repercussion of aiming to avoid possible increase of the unknown. However, the opposite is also a possibility, namely that knowledge is sought via relations that a cognitive distance in the pursuit of new and different knowledge benefits (see e.g. Larson 2009a). In a tourism context where the dominant knowledge characteristic is tacitness (Scott et al 2008), cognitive proximity can be linked to geographical proximity. The literature (e.g. Torre, Gilly 2000; Boschma 2005; Vicente et al 2007) points to the fact that tacit knowledge is often closely related to close geographical proximity, such as face-to-face encounters. However, as mentioned previously, internet communication, such as Skype, may diminish the suggested close relatedness between cognitive and geographical proximity in a tourism context. The notion of a shared knowledge base (i.e. high degree of cognitive proximity) will be further discussed in the following chapter focussing on knowledge and tourism.

The social proximity perspective, as introduced by Boschma (2005), is indeed very close, if not synonymous with the definition of social embeddedness as propounded by Uzzi (1996, 1997), cf. chapter 4, Boschma defines social proximity "…in terms of socially embedded relations between agents at micro-level" (Boschma 2005, p. 66), and stresses that social proximity does not include situations where actors share the same set of values (e.g. ethics and religion), but that social proximity involves trust based on friendship, kinship and experience (Boschma 2005). Furthermore, Boschma closely follows Uzzi's (1997) embeddedness approach in his discussion of social proximity, arguing that a mixture of embedded and market-related (arm's length) ties are most favourable in terms of knowledge access and innovative processes. In terms of how Boschma's social proximity perspective relates to the other proximity perspectives, it can be argued that due to the focus on relational ties based on trust and experience it is linked to the cognitive proximity perspective, as reciprocal trust and shared experience may decrease potential cognitive distance, bring actors closer together. Moreover, Boschma (2005) point to the fact that close organisational proximity, e.g. in the form of a highly hierarchical network constellation, can be linked to a lack of social proximity because the relationship is not based on trust and experience, but on top down decisions.

Institutional proximity is related to a macro-level institutional framework, reflecting that "…actors share the same space of representation, face the same incentives and constraints of their particular legal and economic environment in terms of competition rules, managerial culture and so on" (Vicente et al p. 64). As such, institutional proximity provides actors with a common framework within which they share the same rules, regulations, habits, and established practices on which common actions can be based or constrained. These actions, of course, also include knowledge transfer and creation. In linking with social proximity, Boschma (2005) argues that in situations of limited institutional proximity, e.g. absence of legal systems or public guidelines, actors tend to rely on trust-based relations (embedded ties), hence compensating for the potential uncertainties institutional distance may create. Institutional proximity can also be closely linked to organisational proximity in the sense that e.g. laws and regulation may provide better conditions for some firms to develop, and not for others. For instance, during the last two decades, some international and national legislation has specifically supported the development of rural areas (agriculture, entrepreneurship, ICT, tourism, social development, art, culture and tourism). The former indicates that institutional proximity is associated with geographical proximity in the sense that geographical proximity varies according to the institutions involved, be they international, national, regional, or local.

A potential risk in terms of proximity, be it geographical, organisational, cognitive, social or institutional, is that too much proximity may be unfavourable, even damaging, in terms of creating positive knowledge processes. When actors are too close, e.g. have the same or similar relational ties and thus the same access to knowledge and knowledge base or have to conform to regulations that hamper new initiatives, there is a high risk that they become locked in, fixed in a less profitable situation that makes it difficult to break through or change existing boundaries. Larson (2009a, 2009b) argues that some innovation may be institutionalised and embedded in the routines of a network (Larson 2009a), and that such institutionalised networks of relations risk being unable to adapt to changes and thus unable to renew product and processes successfully. This indicates that too much proximity may over time result in under-stimulated relations in terms of innovative processes, that the innovation potential falters and the relationship comes to an end. In this context, Larson (2009b) also points to the temporal perspective of networks in arguing that limited flexibility and innovation and general inertia may become characteristics over time. On the other hand, too little proximity has its pitfalls, such as a lack of social cohesion, inability to absorb new knowledge due to limited shared knowledge base, and a lack of control due to weak relational ties. All elements that contribute to the absence of a common sense of direction and urgency e.g. in times of needed change and development.

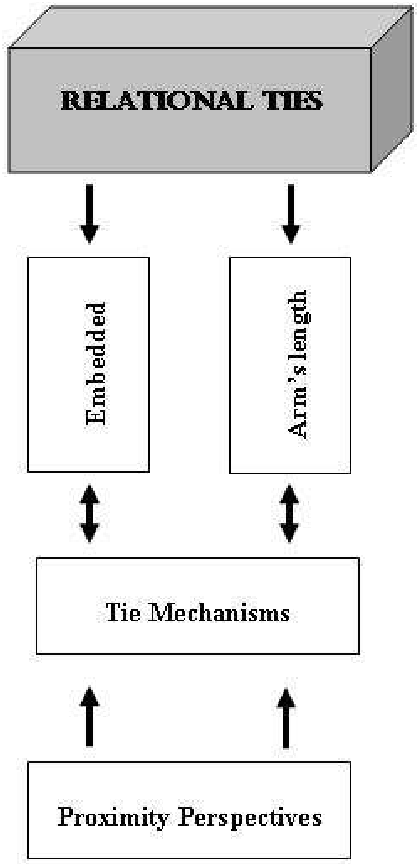
As pointed out above, and as argued by Sørensen (2007), the different proximity perspectives are related, but not necessarily directly. This signifies that the characterisation of relational ties (i.e. embedded/arm's length ties) can be associated with cognitive, organisational, institutional and social proximity decoupled from e.g. geographical proximity, hence, providing an extended view in terms of who STFs network with and based on what reasons. Concerning knowledge transfer and creation, this means that the transfer of tacit, fine-grained knowledge may be transferred as a result of e.g. organisational or cognitive and not necessarily geographical proximity, which in some cases has been regarded as the most common facilitator of tacit knowledge in the discussion of embedded ties. This underlines the fact that embedded ties are not necessarily geographically close; just as arm's length ties are not necessarily geographically distant.

4.6 Chapter overview

The chapter started out with a discussion on the concept of network, viewing networks as the constructs of different social relations, arguing that there are different kinds of networks, formal and informal, with business or socially oriented purposes, or a combination, networks within networks and overlapping networks. Based on the work of Håkansson & Johanson (1992), the dynamic and ever-changing characteristics of networks have been identified as consequences of the interplay between three key elements, namely actors, resources and activities. The relationship between the three elements enables the transfer and transformation of resources, such as knowledge. Moreover changes in one or more of these three elements are argued to change the balance in the network, i.e. new actors entering a network or the unforeseen exit of existing actors will on some scale have an effect on the resources available to the network and as a consequences network activities.

In coupling network and knowledge processes of STFs, the social embeddedness perspective has been identified as a specifically beneficial approach to investing this area, as economic action is argued to be embedded in social relations and that knowledge as such is argued to be a social process. The study looks toward the concepts of embedded and arm's length ties, as presented by Uzzi (1996, 1997), focussing specifically on tie content and different knowledge benefits facilitated by these ties. It appears that both embedded ties and arm's length ties have strength and weaknesses and as a result researchers end up condoning a mixture of ties as the most lucrative construct in terms of resources, specifically knowledge benefits where embedded ties characterised by trust, loyalty, and mutual understanding facilitate fine-grained specific knowledge; whereas arm's length ties are the channels through which socially distant ideas, influences and information are accessed. In an effort to measure tie characteristics, trust, fine-grained information and joint problem-solving have been identified as key mechanisms that regulate the expectations and behaviour of exchange partners in embedded ties, so if these mechanisms are not exercised, they may be characterised as arm's length. Moreover, the study suggests the possibility of a variation in scale in terms of embedded and arm's length ties and the benefits they facilitate. In this regard, the chapter has discussed the notion of a relationship lifecycle, specifically different kinds of trust (competency trust, goodwill trust, contractual trust, search trust) pertaining to these stages. This approach will make it possible to operationalise the development of ties over time, and thus the tie as embedded or arm's length to different degrees.

Figure 4-4 Relational ties, mechanisms and proximity influences



Source: Own making based on chapter findings

The study also looks at different proximity perspectives; geographical, organisational, cognitive, institutional and social to provide a more detailed description along with possible explanations for why some ties are preferred over others.

Table 4-3 Overview of tie characteristics, benefits and drawbacks

Proximity perspectives	Tie	Characteristics	Benefits	Drawbacks
Geographic **Organisational** **Cognitive** **Institutional** **Social**	Embedded ties	• Personal of nature • Close-knit • Long-term • Trust • Joint problem solving • Fine-grained knowledge transfer	• Access to tacit knowledge • Optimal resource utilisation • Feed back (which enables actors to adapt) • Knowledge transfer and learning across firm boundaries • Access to privileged and 'difficult to price' resources	• Risk of being locked in • Risk of very limited external knowledge entering the firm/network • Strong social and moral obligations can hinder or constrain economic activities • …and thus, risk of limited innovative processes
	Arm's length ties	• Impersonal • Shifting members • Short term • Opportunism	• Access to new and different types of knowledge via external channels of socially distant ideas, influences and information • Sparks innovative processes	• Lack of trust enhances elements of risk and uncertainty • Very limited, if any, transfer of tacit knowledge • Risk of business agreements not being kept • Limited understanding of each other's problems and needs

Source: Own making based on theoretical findings in this chapter

Table 4-3 provides an overview of the possible influential proximity perspectives, tie characteristics along with associated benefits and drawbacks identified in this chapter.

5 Knowledge and tourism development

Knowledge is key in terms of organisational innovation and change in tourism and in other industries (Inkpen 1998; Hjalager 2002; Jensen et al. 2004; Hall & Williams 2008; Weidenfeld et al 2010); this very likely explains why from an organisational perspective knowledge is often regarded as power (Byosiere et al 2010). This viewpoint in some cases provides small as well as large organisations with an apparently rational reason not to share their knowledge with others due to fear of losing power and even market position. Sveiby has a different perspective, namely that knowledge shared is *not* knowledge (power) lost, but knowledge doubled (Sveiby 2001, p. 347). Turning to alliance theory, which by definition involves the sharing of resources (Daft 2006), Inkpen argues that there is an opportunity for alliance partners to engage in a knowledge sharing environment that can result in a win-win situation for all parties involved (Inkpen 1998, p. 224). Similarly, Argote & Ingram (2000) argue that the ability to transfer knowledge can contribute to organisational performance in both manufacturing and service businesses and, indeed, that knowledge transfer abilities are a basis for competitive advantage in firms.

Until recently, research on the topic of knowledge transfer and management in small low-tech businesses, such as hairdressers, bartenders and tourism firms has been limited (Shaw & Williams 2008; Manniche 2010). However, there is an increasing interest and acknowledgement of the importance of knowledge use and management in tourism (Hjalager 2002; Cooper 2006; Yang 2007; Scott et al 2008; Shaw & Williams 2008; Hall, Williams 2008; Weidenfeld et al 2010). For instance, Cooper argues that ‘destinations are constantly adapting to changing situations by using and creating knowledge in order to respond to, for example, the safety and security measures necessary following September 11 attacks’ (Cooper 2006, p. 48). Furthermore, changes in customer trends and socio-economic circumstances, such as the seemingly ongoing economic crisis affecting tourists’ travel patterns also influence destinations’ and individual firms’ use of knowledge regarding e.g. product design and identification of target groups. Thus, comprehending how knowledge is accessed, transferred, created, and managed is important both to practitioners and academics in terms of arriving at the best possible understanding and hence conditions for successful tourism development.

Knowledge and the transfer of knowledge within and between STFs and other actors has been an underlying issue of concern in the previous theoretical discussion on relational ties as knowledge facilitators. The concepts of tacit and explicit knowledge were briefly introduced in the chapter on relations. The purpose of this chapter is to investigate these concepts further, including their inter-relationship in terms of knowledge transfer and creation, and consequently what potential knowledge transfer barriers may occur in a tourism context. Then a discussion of different knowledge development strategies: exploration, examination, exploitation and what types of relational ties and knowledge may be linked to these development strategies. However, this chapter starts off by taking a closer look at the conceptualisation of knowledge.

5.1 The relationship between data, information and knowledge

In order to theoretically analyse and practically manage knowledge processes in the best possible way and utilise knowledge resources to their fullest, it is necessary to have a clear conceptualisation of knowledge. To borrow the words of Davenport & Prusak, "knowledge is neither data or information, though it is related to both, and the differences between these terms are often a matter of degree" (Davenport & Prusak 1998, p. 1). Actually, researchers in the field of knowledge based theories agree that there is a distinction, even hierarchy, between data, information and knowledge (Sveiby 1997; Hall & Williams 2008). Despite scholars' agreement on the distinction between data, information and knowledge, information and knowledge have been used interchangeably (Takeuchi & Nonaka 1995; Sveiby 1997). A reason may be that both information and knowledge can be said to be similar in the sense that they both are about meaning and are created dynamically as a result of social interaction among people (Takeuchi & Nonaka 1995, p. 50). That is, they are both context-specific and relational, signifying that the specific situation, milieu and industry are important factors in the meaning attributed. Regardless of these similarities, Sveiby (1997) argues that firms operating in our so-called knowledge based society most likely would benefit if they understood the ways in which information and knowledge are both different and similar.

Concerning the hierarchy perspective, information is said to derive from data as knowledge is said to derive from information (Davenport & Prusak 1998). However, as Zins illustrates in his 2007 article, there are several variations of this perspective. Davenport and Prusak regard *data* as simple facts, such as numbers that provide no judgement or interpretation and say nothing about its own importance (Davenport & Prusak 1998, p. 2-3). *Information*, on the other hand, is data that has been structured taking form of a message, e.g. a written document or an audible communication that has the purpose to change the information receiver's perception of a given situation. However, in this context it is important to acknowledge that it is up to the receiver of the information to determine if it is informative and sparks the creation of knowledge or is merely perceived as noise (Davenport & Prusak 1998, p. 3), i.e. noise defined as information that is not perceived as relevant, thus without the potential to affect decisions and actions. As will be discussed later in this chapter, this determination of information as relevant or as noise can be a reflection of a person's existing knowledge base and hence ability to absorb new information. Finally, *knowledge* and the actual creation of knowledge is based on information that is contextualised, interpreted and given meaning. That is, knowledge is created, for instance as a result of (1) the comparison of context-specific information, (2) the evaluation of consequences of the information on actions and decisions, (3) an evaluation of the connection or relation between this information and other information, or (4) the conversation about the information in terms of peoples' opinion of the information – is the information usable or not (Davenport & Prusak 1998, p. 6). The latter activity supports the viewpoint of Earl (1994), who similarly stresses interpersonal validation, e.g. based on the testing of information, as a key facilitator for knowledge creation. Moreover, Earl (2001) suggests that knowledge derives not only from information but also from experience gained through practice. The dynamics of knowledge makes it a resource that is difficult to own and control as it constantly develops, crossing and expanding existing knowledge boundaries resulting in new knowledge. A knowledge definition that illustrates the complex and intangible nature is provided by Davenport & Prusak:

> …a fluid mix of framed experiences, values, contextual information, and expert insight that provides a framework for evaluating and incorporating new experiences and information. It originates and is applied in the minds of knowers. In organisations, it often becomes embedded not only in documents or repositories but also in organisational routines, processes, practices, and norms (Davenport & Prusak 1998, p. 5)

Challenging the traditional data-information-knowledge hierarchy, Tuomi (1999) suggests that it should be reversed, thereby arguing that knowledge must exist before information and information before data, knowledge-information-data, thus denoting data emerging as a by-product of e.g. cognitive artefacts, such as computer information systems for knowledge management (Tuomi 1999, p. 115). However, Tuomi does not entirely reject the traditional data-information-knowledge perspective; rather he argues that the traditional hierarchy only emerges after the knowledge-information-data hierarchy has created data (Tuomi 1999, p. 112) referring to the fact 'that raw data do not exist, and that even the most elementary perception is already influenced by potential uses, expectation, contexts and theoretical constructs' (Tuomi 1999, p. 105). Tuomi's viewpoint is philosophically based in interpretivist epistemology, arguing that e.g. knowledge (or any given phenomenon) is created through interaction between people (socially constructed reality), and knowledge thus reflects the diversity of mental constructs resulting in the belief that there exists more than one single truth or method. In comparison, the traditional data-information-knowledge hierarchy is philosophically based in positivism (Frické 2009), namely, in the sense that the hierarchy denotes objective data as the ultimate source of knowledge (Sheffield 2009). However, returning to Davenport & Prusak's (1998) knowledge definition above, they can, despite their use of the traditional knowledge hierarchy, be said to support multiple philosophical perspectives as their definition also supports the interpretivist approach by acknowledging knowledge as an interpersonal activity in viewing knowledge as embedded "…in organisational routines, processes, practices and norms' supporting a critical approach by acknowledging knowledge creation as a personal process, i.e. 'it [knowledge] originates and is applied in the minds of knowers" (Sheffield 2009). However, no matter the hierarchical order between the three, the key point of this section is to establish an understanding and operationalisation of knowledge as context-specific, relational, dynamic, and personal, and moreover a process of comparing, evaluating and interpreting. In line with Blackler's (1995) definition, knowledge is regarded as something people *do*, both consciously and unconsciously (Sveiby 2001, p. 345). Knowledge is thus created when somebody makes sense of a new situation creating and giving meaning to the situation (Sveiby 2001, p. 345). However, at the same time the study does not neglect the fact that knowledge also is something that people *have*, that is, people over time build a knowledge base which is constructed e.g. by experiences, education, and acquired skills, that is, the things that people *do*. In terms of understanding STFs' knowledge processes the distinction between data, information and knowledge is thus important because such a distinction enables the ability to identify knowledge processes specifically, and illuminates possible differences in terms of knowledge benefits facilitated by potentially different relational ties and contexts.

5.2 Knowledge types and categorisations

As introduced in chapter 4 on relational ties, the classic work of Polanyi (Polanyi 1983, Polanyi 1998) differentiates knowledge into two types, namely tacit and explicit knowledge. According to Nonaka (2007) tacit knowledge consists of mental models, beliefs and perspectives, which are deeply ingrained within the individual, so much so that this type of knowledge can be taken for granted and is thus difficult to formalise and consequently difficult to communicate. Polanyi's argument that "…we can know more than we can tell" (Polanyi 1983, p. 4) supports the fact that for instance work routines, processes and practices can become so embedded and implicit that we no longer consider the reasons why we solve specific problems as we do – we just do, because that is how it has always been done. Contrary to tacit knowledge, explicit codified knowledge is argued to be easily transmitted and communicated to others as it is more precisely and formally articulated, for instance via written documents, manuals, software programs, although removed from the original context, creation and use.

Hall & Williams (2008) point out that the development in transferring explicit knowledge, e.g. via IT, has provided huge cost reductions and product improvements, and generally has been identified as probably one of the strongest drivers of change in tourism (Hall & Williams 2008, p. 58). For instance, hotels can speed up both front and back office operations, make statistics of hotel guests, analyse visitor tendencies and develop products. However, this does not mean that tacit knowledge is less important that explicit knowledge in a tourism context or any other business or industry context. Tacit knowledge is valuable because it is context-specific, relational, personal and difficult to communicate and hence, most importantly, immobile, and difficult to copy and reproduce (Wiklund & Shepherd 2003; Holden & Glisby 2010). Tacit knowledge signifies a knowledge tendency, maybe even a truism, concerning the knowledge base on which tourism firms build their products and services (Scott et al 2008), cf. chapter 3. Thus, in tourism tacit knowledge can be argued to be as important as explicit knowledge in terms of gaining a competitive edge, specifically since tacit knowledge cannot be copied and reproduced by competitors in the same way as e.g. front desk services or activity themes.

Tacit and explicit knowledge can moreover be related to a number of knowledge categorisations. Know-what is often associated with explicit, codified knowledge, whereas know-how is associated with tacit knowledge (Takeuchi & Nonaka 1995; Cowan et al 2000). In defining knowledge at the individual level, based on Lundvall & Johnson (1994), Johnson et al (2002) suggest that both know-what and know-how have elements of tacitness and codified explicitness, and argue the importance of know-why and know-who as knowledge categories contributing to a richer taxonomy that reflects "…some of the complexities involved in storing and sharing knowledge" (Johnson et al 2002, p. 250).[16] This categorisation offers a more detailed approach to how tacit and explicit knowledge is used, relating specifically to different knowledge areas (what, how, why, who), as will be presented in more detail in the following.

[16] According to Johnson et al. the individual knowledge level consists of know-what, know-how, know-why and know-who, which at the organisational level corresponds to shared information databases (know-what), shared models of interpretation (know-how), shared routines (know-why) and shared networks (know-who) (Johnson et al 2002, p. 250).

Applying Johnson et al's (2002) take on different knowledge categories, *know-what* is explicit knowledge and relatively easy to codify as it refers to knowledge about the works, facts, such as ingredients in a receipt or number of airports in Denmark. This type of knowledge is, according to Johnson et al, closely related to what normally is called information..

Know-how refers to skills and competences, which Polanyi (1983) refers to as personal and tacit. Know-how is based on experiences rooted in learning by doing processes (tacit knowledge), which results in part of it may be lost when attempting codification making it explicit. In this context Sigala & Chalkiti (2007, p. 465) argue that "tacit knowledge does not equal the same knowledge once it has been externalised, since it loses its experience subjectivity or context specific nature", a viewpoint that moreover explains why some scholars (e.g. Tsoukas & Vladimirou 2001) argue against the conversion of tacit to explicit knowledge.

Know-why knowledge relates to '…principles and laws of motion in nature, in the human mind and in society' (Johnson et al 2002, p. 250). This type of knowledge is often thought of as codified, but it can also be said to have elements of tacitness in the sense that know-why knowledge varies among individuals e.g. due to their educational background or job position which affects their interpretive frameworks (Jensen et al 2004, p. 7). This suggests that there is a know-how dimension to know-why knowledge – a dimension that builds on experience and intuition. Lastly, as Johnson et al point out that networks are important in order to share and combine elements of know-why, which brings about the final knowledge category, *know-who*.

Know-who refers to who knows who, and who knows to do what. According Johnson et al, this knowledge type is highly context specific and depends on trust, openness, and network (Johnson et al 2002, p. 251). Know-who can be related to the social embeddedness approach in the sense that social embeddedness also focuses on different relational ties and the resources, e.g. knowledge, accessed via these ties.

Codifying tacit knowledge to make it explicit is a method to enhance the capacity to share knowledge, enhance collective learning processes and improve business performance. However, the externalising of tacit knowledge does not necessarily make it accessible to all others (Johnson et al 2002; Sigala & Chalkiti 2007). For example, a secret code or abbreviations can be used to keep competitors, suppliers, and customers at arm's length in the sense that only people who know this specific code or have the same background knowledge (shared knowledge base) can de-code the text and understand it. Moreover, based on the definitions of know-what, know-how, know-why and know-who, it appears that some categories of knowledge are more easily made explicit than others. Codifying tacit knowledge to make it explicit is a costly and time-consuming affair (Jensen et al 2004). As discussed above, making tacit knowledge explicit may result in part of that knowledge being lost in translation, according to Johnson et al (2002), even completely inactivated and forgotten. With time knowledge can also erode if it is not applied or if the surroundings change at a high pace that makes it impossible to upgrade the knowledge base (Gurteen 1999). There are other risks associated with the conversion of tacit to explicit knowledge as well (Johnson et al 2002, pp. 256-257). The process of converting tacit knowledge is costly financially (e.g. new technological systems, man-hours) and time wise (the process). The process may change an entire organisation's or network's culture in terms of how to manage knowledge. Moreover, due to the possible lengthy process, the problems set out to be solved may have changed, and some of the work done will have been in vain. Finally, times of change often bring about uncertainty due to fear of the unknown, and as discussed in chapter 4, this may have a number of consequences such as resistance to partake in change efforts generally, a work climate characterised by mistrust, personal conflict, and a fear of losing power and status.

The section on relational ties (cf. chapter 4, section 4.3) argues that a combination of embedded and arm's length ties is preferable as the two tie types are argued to facilitate tacit and explicit knowledge respectively – an important knowledge combination in terms of business success. Takeuchi & Nonaka similarly argue that effective knowledge creation requires a combination of tacit and explicit knowledge (Takeuchi & Nonaka 1995, p. 54). This study views tacit and explicit knowledge complementing each other and this complementarity is the foundation of successful knowledge utilisation and creation (Holden & Glisby 2010). So, although tacit and explicit knowledge have different characteristics, they are not contradictory and they cannot replace each other (Johnson et al 2002, p. 256); ideally they are part of a whole.

Before continuing with the theoretical discussion of tacit and explicit knowledge processes, a knowledge concept glossary, Table 5-1, gives an overview of the different knowledge concepts applied throughout the study.

Table 5-1 Knowledge concept glossary

Knowledge adaption	An individual's ability to reflect, conceptualise and apply knowledge (Ernst, Kim 2002)
Knowledge application	How knowledge is utilised in day-to-day operations to achieve results (Sheffield 2009)
Knowledge absorption	The willingness and ability to acquire new knowledge and skills (Davenport, Prusak 1998). A capacity that depends on existing knowledge and diversity of background (Cohen, Levinthal 1990)
Knowledge base	Existing knowledge resources (Gilsing et al. 2008, Cohen, Levinthal 1990)
Knowledge conversion/creation	Formation of new ideas through interactions between explicit and tacit knowledge in individual human minds (Nonaka 1994)
Knowledge management	Involves the management of social processes at work to enable transfer of knowledge between individuals...It encapsulates assessing, changing and improving skills and competencies and/or behaviour (Ahmed, Lim & Loh 2002, p. 26)
Knowledge transfer	The sharing of knowledge, through which one unit (e.g. a person, group, department, or division) is affected by the experience of another (Argote, Ingram 2000)

Source: Own making based on literature review

5.3 From tacit to explicit and back again

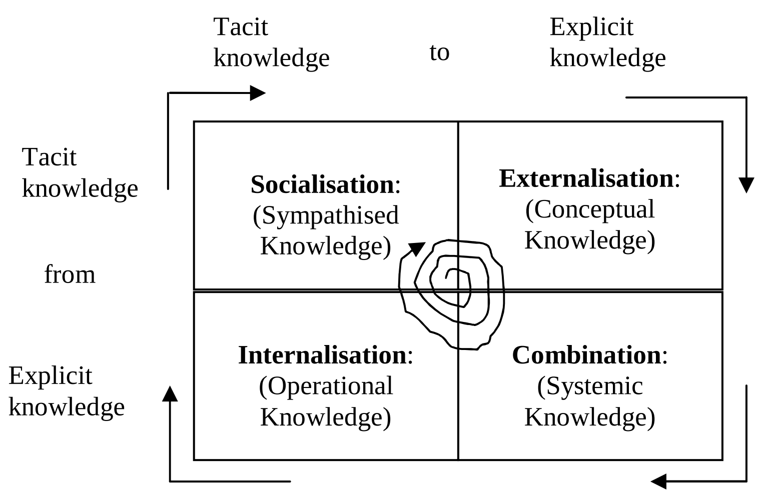
With the objective to understand how organisations create knowledge, Takeuchi & Nonaka (1995, p. 61 -70) have developed a framework encompassing four knowledge creation modes (socialisation, externalisation, combination, internalisation)[17], arguing that the

[17] Conversion and creation will be used interchangeably.

relationship between tacit and explicit knowledge can lead to competitive advantages as tacit knowledge converts into explicit knowledge and vice versa. Thus, the knowledge creation framework is based on the perception that knowledge is created through a dynamic interaction and complementarity between tacit and explicit knowledge, and furthermore that these knowledge conversion processes, 'meaning the rendering and re-expression of knowledge' (Holden & Glisby 2010, p. 73), are the basis on which new knowledge, new ideas, and innovations build.

According to Takeuchi & Nonaka, knowledge creation starts at individual level – yet acknowledging that interaction between individuals plays a critical role in developing new ideas (Nonaka 1994) – moving to group level up to organisational level, even transcending organisation boundaries, hence indicating that knowledge transfer and creation is a never ending dynamic process. Figure 5-1 shows the four stages of knowledge creation: socialisation, externalisation, combination and internalisation.

Figure 5-1 The SECI model – a knowledge creation framework



Sources: Takeuchi & Nonaka (1995, p. 72); Takeuchi & Nonaka (2004, p. 66).

The movement *from tacit to tacit* knowledge is achieved through a process of *socialisation,* a process of sharing experiences and thereby creating tacit knowledge such as shared mental models and work routines (sympathised knowledge) (Takeuchi & Nonaka 1995, p. 62). An individual can share experiences with another individual e.g. via formal/informal meetings, discussion or simply through observation or imitation. This process of socialisation may occur on a day-to-day basis when solving routine tasks or when business or context-specific knowledge is shared at meetings. However, as pointed out by Nonaka & Takeuchi (1995), shared experience or context is vital in this process as it is "…difficult for a person to project her- or himself into another individual's thinking process" (Takeuchi & Nonaka 1995, p. 63). This argument is directly related to the argument on cognitive proximity and the importance of a shared knowledge base discussed in (cf. chapter 4, section 4.5). Moreover, knowledge categories such as know-who knowledge, reflecting trust and openness, along with know-how and -why knowledge, reflecting skills, competences, experiences and intuitions can also be linked to this process. If there is no shared experience or shared context, then the knowledge being shared is mere information and will not be regarded as specialised experience-based knowledge. Information that most likely will be regarded as noise as the person receiving the tacit knowledge has not associated experiences and thus no need for the knowledge being shared. Socialisation is a knowledge process often occurring (used) internally in firms. A classic example from the tourism sector is the training of new personnel in a service function. For instance, in a previous job as hotel receptionist, I found that in addition to the explicit service guidelines the receptionists possessed tacit knowledge that brought about a more efficient and personalised service for the hotel guests. As a newly hired receptionist, I could not get access to this tacit knowledge via explicit channels; I had to wait until I had experienced and thus shared specific work situations with the other receptionists, e.g. how to handle a demanding regular guest, or which specific rooms a certain guest always stayed in, or how to 'cheat' the computerised booking system in certain situations.

Externalisation related to the conversion *from tacit to explicit* knowledge, i.e. the process of articulating tacit knowledge into explicit concepts (conceptual knowledge), which involves the identification of knowledge held by individuals/firms and codifying this knowledge e.g. in manuals and reports. This knowledge process is often triggered by dialog or collective reflections externalised though e.g. brainstorming and external development consultants (Takeuchi & Nonaka 2004). Nonaka & Takeuchi regard the externalisation process as a quintessential knowledge-creation process, as tacit knowledge is made explicit and knowledge more accessible within the organisation or network. In tourism the conversion from tacit to explicit knowledge seems to be limited, and research indicates that tacitness is consistent in the knowledge characteristics of the industry (Cooper 2006; Scott et al 2008). However, although tacitness is a tourism industry characteristic and is seen as having strategic importance in tourism, Sigala & Chalkiti state that tacit knowledge also "…runs a greater risk of being disregarded as it is intangible and so, invisible" (Sigala & Chalkiti 2007, p. 458). In this context, Takeuchi & Nonaka maintain that if tacit knowledge is to benefit a firm or network, it must become explicit and externalised within the firm/network so it can easily be leveraged by the firm/network as a whole (Takeuchi & Nonaka 1995). However, as pointed out earlier in this chapter and by Miller et al., tacit knowledge is not 100% codifiable: "…the tacit dimension of knowledge is expressed in skilful actions, rather than written manuals [and that] novices acquire tacit knowledge through active participation with those who have mastered a skill" (Miller et al 2006, p. 710), reflecting know-how and know-why in terms of skills, competences, experiences and intuition. On the role of relational ties and knowledge transfer, Sigala & Chalkiti's study (2007) on Greek hotels' externalisation and utilisation of tacit knowledge shows that the hotels attribute emphasise the power and role of social relationships in the sense that trust and sympathy are important knowledge transfer facilitators regarding the externalisation process and indicate the importance of embedded ties in the conversion of tacit to explicit knowledge. Indeed, a knowledge process that support the importance of know-who knowledge tourism, because as Nonaka & Takeuchi (1995) suggest it is the establishment of relational ties between people, and thus a common language – figuratively and literally – that enables the sharing of tacit knowledge.

The knowledge process *from explicit to explicit* knowledge is called *combination*, and yields what can be called 'systemic knowledge', which is achieved by synthesising and moving knowledge around a firm or network. Explicit knowledge is exchanged and combined through e.g. meetings, documents or telephone conversations. One can think of this process as a "…reconfiguration of exiting information through sorting, adding, combining and categorising of explicit knowledge…" (Takeuchi & Nonaka 2004, p. 61) which may lead to new knowledge. This is a knowledge process that can be linked to know-what and know-how and know-why knowledge, respectively reflecting for example general knowledge and skill and competences but from e.g. different sub-sectors in tourism. Combination is often strived for in tourist destination and tourism development project generally (Cooper 2006) in the sense that knowledge is attempted moved (either voluntarily or involuntarily) around a network of firms to share strategies and experiences or to familiarise firms with the entire destination and not just certain local areas. A Danish high-profile tourism development project concerning the possibilities of all-year tourism is an example of tourism destinations coming together to share experiences, knowledge and even strategic thoughts on local tourism and destination development. The Danish all-year tourism development project was nationally funded, and the national tourism development organisation VisitDenmark (VisitDenmark 2010) made knowledge and experience sharing between the tourism destinations a condition for releasing funds for destination development. Some of the destinations involved were well-developed destinations; others were newly established destinations with limited experience. This demography may have inspired or even compelled some destinations to share their knowledge and experiences to obtain development funds rather than new useful knowledge.

Internalisation refers to the conversion *from explicit to tacit* knowledge and is closely related to 'learning by doing' as it entails learning and acquiring new tacit knowledge in practise but on the basis of explicit knowledge, a process that can be related to the know-how and know-why knowledge categories. The internalisation process results in what can be termed operational knowledge (Takeuchi & Nonaka 1995) such as new work routines, new product usage or new strategic implementation. Thus explicit knowledge is used to broaden, extend, and reframe actors' tacit knowledge (Takeuchi & Nonaka 2004), hence, generating e.g. new ideas, products, work routines, or merely adapting this explicit knowledge to an existing working environment.

The four different knowledge creation modes are interrelated and thus interact and complement each other, and build on the complementarity of the two knowledge types, tacit and explicit knowledge. For instance, in the socialisation process (tacit to tacit) knowledge about a hotel chain employees' dissatisfaction may become explicit conceptual knowledge (tacit to explicit) resulting in new work routine concepts or strategies. New work routines may be combined with existing work routines, or work routines from the other hotels in the chain (explicit to explicit) – over time even resulting in work routine adjustment in the individual hotels to fit their specific context (customer segment and need, nationality, culture etc.) (explicit to tacit). To describe the interaction between the four knowledge creation modes, Takeuchi & Nonaka (1995) have developed the concept of the 'knowledge spiral' (see Figure 5-1) which illustrates the process of knowledge creation as a dynamic and continuously repeated movement from tacit to explicit and back to tacit. The process enables new knowledge and improvements as a result of the reflections and learning processes the actors engage in. The approach is very similar to the methodological approach of hermeneutics and specifically the hermeneutic circle, which is applied in this study, cf. chapter 2. However, depending on the individual firm and actors involved, a knowledge creation process does not necessarily encompass all four processes. The reason is that actors have to engage actively in these processes, specifically those that entail explicitness and codification of knowledge, and they often require time, which is a scarce resource in an STF context. The context in which the firms operate is thus also essential. Some industries may not have a culture of sharing and making knowledge explicit either within the firm or between potential collaborative partners.

Taking into consideration that Takeuchi & Nonaka's (1995) knowledge conversion framework was developed based on Eastern business culture and large firm management methods (Matsushita Electric Industrial Co. Ltd.)[18], we have to consider its applicability in a Western context and to STFs. Gilsby & Holden (2003) mention the Japanese personal commitment to the organisation they work for, the use of strong internal and external network in knowledge sharing, weak external pressures for corporate involvement, along with the Japanese job rotation schemes as key characteristic of the Eastern business and management context, which are not applicable to Westerns business culture and

[18] http://www.matsushita.co.jp and http://panasonic.net/ for more information.

management methods. Large firms often have a strong resource base in terms of economic resources and employees with different knowledge bases, which enables them to access different kinds of knowledge and to e.g. establish in-house R&D departments. Economies of scale, market power, global reach, brand name recognition reflected in the firm's reputation are also characteristics that can influence knowledge creation positively. All these characteristics are not consistent with the characteristics of STFs (cf. chapter 3). Large firm are often hierarchically organised, which may mean that knowledge moves around very slowly in the organisation due to many levels of administration and management. Small firms have few employees and a flat organisation, which decreases the distance knowledge has to travel from ground floor to CEO. Even though small firms in some cases, such as tourism, may have limited resources, they are also responsive and flexible (Ming-Jer Chen & Hambrick 1995; Daft 2006). Despite the apparent contextual differences based on which the knowledge conversion framework was originally developed, the framework can with advantage be applied to the context of STFs in Denmark (and other Western countries) as a means to study inter-organisational knowledge processes (e.g. suppliers, partners, competitors, customers) and knowledge processes in individual firms to identify and describe the knowledge processes that do and do not take place, i.e. the use of tacit and explicit knowledge. No matter the context, it is still a question of tacit and explicit knowledge and the relationship between the two.

5.4 Knowledge transfer and knowledge transfer barriers in tourism

Based on Nonaka & Takeuchi's knowledge creation model, Figure 5-1, it can be argued that knowledge must be transferred as part of its further development (Byosiere et al 2010). Hudson states that transfer of knowledge entails "…a variety of flows, within firms, between firms, between producers and consumers, and between private sector and public sector organisations" (Hudson 2005, p. 76). The flows are facilitated by, and contribute to, the blurred boundaries of firms, signifying that actors involved in knowledge transfer are affected by each others' experiences (Argote & Ingram 2000). Based on the above, knowledge transfer is defined as knowledge sharing within firms, between firms, between producers and customer (tourists and locals), and between public and private organisations, and friends and family (Gartner et al 1994); and based on these activities the potential creation of new knowledge reflected in specific business activities. However, different barriers obstruct the process of transferring and creating knowledge and hence business activities.

Knowledge source quality and reliability are critical factors that need to be taken into consideration in knowledge transfer. Hutchinson & Quintas (2008) argue that in small firms' environments where information and knowledge sources are poor, managers are left isolated and innovation is stifled. Moreover, research indicates that successful knowledge transfer for STFs requires that the knowledge is relevant to their operation and that peer networks are more valuable than external consultants. The reason is that small firms prefer contacts with similar firms with a shared frame of reference (Cooper 2006, p. 57), yet again linking to the importance of proximity in terms of e.g. a shared knowledge base and/or organisational likeness.

Turning to the discussion on the difference between information and knowledge (cf. chapter 5, section 5.1.), knowledge was argued to develop as the result of an individual's understanding of information, which leads to the fact that an individual's existing knowledge resources (i.e. knowledge base), and its possible limitations, can be argued to have great influences on an individual's knowledge absorption capacity and thus the further transfer of that specific knowledge (Argote & Ingram 2000). Ernst & Kim likewise argue that knowledge transfer as such "… is not a sufficient condition for effective knowledge diffusion [that is the adaptations and applications of knowledge]. Diffusion is completed only when transferred knowledge is internalized and translated into the capabilities of…" the knowledge receivers (Ernst & Kim 2002, p. 1422), that is when knowledge is applied in the context of the knowledge receiver. In this context, Cohen & Levinthal "…argue that the ability to evaluate and utilize outside knowledge is largely a function of the level of prior related knowledge. At the most elementary level, this prior knowledge includes basic skills or even a shared language but may also include knowledge of the most recent scientific of technological developments in a given field. Thus, prior related knowledge confers an ability to recognize the value of important information, assimilate it, and apply to commercial ends" (Cohen & Levinthal 1990, p. 128). So, in connection to the actual transfer of knowledge, if a person does not recognise the importance of a piece of information, this piece of information will not be understood and the reasons for applying, sharing and developing this knowledge will fail to appear. Cohen & Levinthal (1990) mention the importance of "a shared language", which in the context of knowledge transfer refers not only to a shared mother tongue, second or third language, but also e.g. to a theoretical versus a more practical perspective on things.

Cohen & Levinthal's argument focuses on the individual's abilities. Yang (2008) has a different perspective on individuals' influence on knowledge transfer and argues that some individuals possess an attitudinal "unwillingness to share". Personal insecurities such as fear of losing superiority or even own personal knowledge make some people view knowledge as power, and therefore do not see knowledge transfer as a powerful tool. Many factors can affect an individual's attitude to knowledge sharing. Linking back to chapter 3 on small tourism firm management, e.g. cultural background, previous experience, external conditions have proven important in terms of factors that may have an effect on actors' willingness to share knowledge. However, the ability to absorb knowledge is not only based on the individual knowledge absorption capacity or personal attitudes and insecurities as discussed above. Hall & Williams (2008) further argue that absorption of new knowledge may be negatively affected by the amount of "unlearning" of existing knowledge. For instance, imagine a hotel manager, who always has managed his employees based on an authoritarian leadership approach but who, due to organisational strategic changes, is asked, indeed, demanded to manage his staff based on the principles of a learning organisation touting empowerment, collaboration and knowledge sharing. This is a difficult task and change process that cannot be implemented over night due to cultural and, most likely, personal embedded processes that are deeply rooted within the organisation as a whole, the manager and the individual employee. Some of the main challenges in this specific organisational change process may result from the manager's personal view on leadership, but also from the employees' confusion, uncertainty and possible feeling of inadequacy in relation to their newfound power and responsibilities.

The knowledge transfer barriers discussed above are strongly connected to the individual and his or her personal knowledge base, experiences and view of the world. Hjalager (2002) offers a different perspective and identifies possible knowledge transfer barriers taking her point of departure in the tourism industry, including its institutional framework. She points to the industry's high level of turnover. Just as movement of workers inside a firm and the recruitment of new external workers can provide new knowledge and insight, personal experiences and tacit knowledge leave firms with its employee and the turnover in tourism is noticeable due to seasonality and low entry barriers into jobs (Hjalager 2002; Hall, Williams 2008). In other words, tacit knowledge gained by seasonal workers is seldom externalised and thus seldom transferred from one person to another. The result is stifled knowledge creation processes. The above brings about the argument that knowledge has a temporal perspective in the sense that it may be lost or even retired over time (Siemieniuch & Sinclair 2004, p. 82) or simply erode due to for instance employment turnover as suggested by Hjalager, or because its relevance and applicability diminishes as a consequence of a fast changing global environment (Gurteen 1999).

Another impediment to knowledge transfer may be the limited employment period of time seasonal workers. It may not be long enough in terms of gaining sufficient shared experiences and contexts and understand what is valuable knowledge and what is not, hence compromising the quality of the potential knowledge transferred. Firm size also matters, Hjalager (2002) argues. However, STF employee turnover may not be the most influential knowledge transfer barrier, as employees are often very few, permanent and in many cases family and friends. Being an STF is in most cases synonymous with having limited financial, human and time resources, and therefore limited resources to dedicate to screening and processing new information. Lack of resources as a result of firm size is a barrier that is closely connected to the previously discussed knowledge transfer barrier, knowledge absorption capacity, i.e. information, like a castaway on a deserted island, is stranded on the office desk or in the e-mail inbox. Hjalager also mentions limited trust among small tourism actors as a '…result of free-riding on investments, ideas and successes of othes' (Hjalager 2002, p. 469). A notion that can be linked to the concept of relational ties (cf. chapter 4) in the sense that if an actor repeatedly treats relations, networking partners and others with disrespect, he or she will to some extent be isolated (punished) from information that could benefit the business.

Ahmed et al point to the "…absence of a personal link, credible and strong enough to justify listening to or helping each other" (Ahmed et al 2002, p. 122) as a barrier. Compared to Uzzi's (1996, 1997) definition of which relational ties facilitate which specific type of knowledge, Ahmed et al.'s argument can be coupled with Uzzi's embedded ties (or rather the absence of) which based on a personal relation and trust relationship facilitates transfer of tacit knowledge. It is in their classification of barriers associated with the application of knowledge management that Ahmed et al (2002) argue the existence of a so-called 'transfer gap', orchestrated by the failure to transfer research and best practices to the end user, here STFs. This barrier focuses not only on the tourism firms, but also on knowledge institution, consultants, and regional and national tourism development organisation providing e.g. statistics and studies. The limited, although increasing, transfer of knowledge between knowledge institutions and tourism firms has also been noted by other researchers, e.g. (Hjalager 2002; Manniche 2010; Halkier 2010). Ahmed turns to the absence of a personal link along with ignorance as reasons for the failure to transfer research and best practice to the end user. Ignorance, in the sense that 'often, neither the 'source' nor the recipient knew someone else had knowledge they required or would be interested in knowledge they had' (Ahmed et al 2002, p. 122). Additionally, failure to transfer knowledge can be linked to Roper & Crone's (2003) argument that if the knowledge gap between two firms is substantial, the recipient firm may not have the necessary internal capability to absorb new knowledge – an argument that traces back to discussion of knowledge absorption capacity at the beginning of this section. As an example, STFs are in many cases very practical and bottom-line-oriented, whereas e.g. knowledge institutions, such as universities, primarily are process- and theoretically-oriented, cf. the discussion of the importance of having a shared language.

A challenge for the knowledge institutions is in this case to be more pragmatic and operational in their research and the presentation thereof. Roper & Crone (2003) note that knowledge complementarity between knowledge transfer actors is critical. Cf. Ahmed et al's (2002) ignorance barrier, if the actors involved cannot see how they can use each other's knowledge, they may be unwilling to participate in knowledge sharing processes. Sørensen's (2007) empirical data, which he generated in connection with his research on the geographies of social network and innovation in tourism, provides good examples of STFs' reasons for not cooperating and sharing knowledge: "It is not my kind of business", "It is another world…it has nothing to do with the hotel business" (Sørensen 2007, p. 38) and "You can't learn much from other types of attractions as they are too different" (Sørensen 2007, p. 43). Sørensen's research illustrates that ignorance is a likely barrier that is important to have in mind and acknowledge when e.g. DMOs and tourism policy makers strive to ensure knowledge transfer and creation at destination-level.

Barriers to knowledge transfer in tourism are related to its very nature (Cooper 2006, p. 59). As commented on in earlier chapters, the tourism industry is a complex mix of interest groups, public and private actors from many different sub-industries varying in size, product, business motivations, educational and cultural background etc., and trust between these different actors does not come easily. Trust (cf. chapter 4, section 4.4.1) plays a pivotal role in terms of whom you chose (not) to share information and knowledge with. Just as e.g. personal attitudes, prior experiences, individual knowledge absorption capacities, along with more general tendencies in tourism, such as the high level of turnover, free-riding, and knowledge complementarity create barriers to knowledge transfer in tourism that must be considered when we aim to understand STFs' relations and knowledge processes.

Table 5-2 Knowledge transfer barriers in tourism

- Perceived degree of knowledge relevance
- willingness to share – fear of losing knowledge, fear of losing power
- amount of 'unlearning' and the ability to do so
- size matters – limited resources for screening and processing information
- absence of shared language
- existing knowledge base and knowledge absorption capacity
- absent/limited personal links
- ignorance – firms failing to acknowledge that others may have the knowledge they need and vice versa
- free-riding that leads to distrust and as a result an unwillingness to share information
- high employee turnover – employees leave the firm and personal experiences (tacit knowledge) leave with them
- limited knowledge complementarity

Source: Own making – overview of key findings in this section

Listing the key knowledge transfer barrier findings in this section and linking them to Figure Figure 3-1: Influences shaping small tourism firms' business decisions, the barriers can be connected to internal (and individual) or external environmental influences. Fear of losing power firm size, amount of unlearning and the ability do so, existing knowledge base, along with ignorance, and limited personal links to others than family and friends are barriers that can be characterised as being person related. However, ignorance and limited personal links to e.g. knowledge institutions are along with free-riding, high turnover and limited knowledge complementarity barriers linked to external influences. E.g. in the sense that political influences could contribute with initiatives facilitating increased interaction between small firms generally on the one hand and knowledge institutions on the other hand, thus both facilitating possible embedded ties and knowledge complementarity to a higher degree between two actor groupings which ordinarily are deemed to be distant. Another example pertains to both economy and demographic characteristics, not only locally but also on a global level. For instance, economics and demographics reflect who vacations, where and for how long, and along with product characteristics affect e.g.

seasonality and as a result high turnover issues within tourism. In this context, a STFs' limited economy resources may increase free-riding due to its limited finances to partake actively in development initiatives. A final example of free-riding relating to tourism is that firms which are not traditionally viewed as tourism firms, e.g. carpenters and plumbers, do not partake or invest financially in tourism although they may have many customers, e.g. vacation house owners, who want to renovate their vacation houses. Hence, non-traditional tourism firms may in some destinations be argued to free-ride on the efforts of more traditional tourism firms like hotels, B&Bs and restaurants who attract tourists via marketing and product development.

The following and closing section of this chapter will focus on different knowledge strategies, i.e. how STFs apply knowledge. This is an important perspective in the study of STFs' relations and knowledge processes, as it provides a tool for uncovering individual firms business strategies.

5.5 Knowledge strategies and relational ties

With regard to adaptive knowledge processes, that is an individual's ability to reflect, conceptualise and apply knowledge, researchers have focused on the importance of different knowledge strategies (Rowley et al 2000; Ahuja 2000; Rodan 2005; Sørensen 2007; Manniche 2010). Knowledge strategies refer to the extent to which a particular knowledge activity is oriented towards creating economic growth (Halkier 2010). In Manniche's words (Manniche 2010, p. 80), the purpose of applying a knowledge strategy approach in this study is to develop a theoretical framework that allows a distinction between different knowledge development strategies from the generation of new knowledge to the commercialisation and use of knowledge

March introduces two concepts: *exploration*, which is linked to terms such as search, variation, risk taking experimentation, play, flexibility, discovery and innovation (March 1991, p. 71) stressing firms' experimentation with new uncertain alternatives in order to develop their businesses (Rowley et al 2000) and *exploitation*, which includes the “refinement and extension of existing competencies, technologies and paradigms’ emphasising strategy characteristics such as choice, production, efficiency, selection, implementation and execution” (March 1991, pp. 71, 85). Exploration thus involves searching for new knowledge and information and being willing to experiment with these findings with the purpose of creating innovative processes that will improve firm receipts, whereas exploitation involves using existing information to improve present products, services, strategies or, as Rodan put it: “Exploitation is about making the best of what we already know. If we avoid the mistakes others have made in the past, we can achieve our ends faster and at less cost” (Rodan 2005, p. 409). March (1991) further stresses that both exploration *and* exploitation processes are essential for firms’ development. Wu et al (2009) argue that innovation processes depend on the development and integration of exploitation and exploration capabilities. Volberda & Lewin (2003) point out that adapting for tomorrow requires exploration in terms of change, flexibility and creativity, whereas ensuring a firm’s current viability requires exploitation in terms of order, control and stability. However, both processes compete for the same firm resources (Wu et al 2009); and in the case of STFs where resources generally have been identified as limited (cf. chapter 3), any resources invested in exploration presumably means fewer resources left for exploitation and vice versa (Cegarra-Navarro & Cepeda-Carrión 2008). An approach to support one or both knowledge strategies is, according to Koza & Lewin (1998), to joining network and alliances, which may bring about the opportunity to exploit existing knowledge or explore new opportunities in the sense that relational ties function as channels for diffusion of existing information and knowledge (i.e. exploitation) as well as relational ties as facilitating the potential recombination of existing knowledge, hence resulting in the creation new knowledge (i.e. exploration) (Gilsing et al 2008, p. 1718) (cf. Håkansson & Johanson (1992) in chapter 4). In this context, due to the scarce resources of STFs, the exploitation of existing knowledge and possible exploration of new opportunities via collaborative activities is, according to e.g. Sainaghi (2006), a strategy pursued by e.g. tourism policy makers and tourism organisations with the purpose of utilising destination resources to their fullest.

Rowley et al point to the fact that the level of environmental uncertainty has an effect on which of the two strategies firms choose or prefer, and further argue that ‘the existence of environmental uncertainty increases the rate of innovation required to survive and therefore how much firms invest in exploration’ (Rowley et al 2000, p. 373). However, the latter can be debated since not all firms view potential risk taking as a suitable solution in times of uncertainty. For example, Podolny (1994) suggests that in times of uncertainty, which is a key characteristic in tourism, firms tend to have exchange relations with whom they have worked before and, furthermore, that the greater the uncertainty the more firms engage in transactions with similar firms, e.g. regarding product and geographical location, cf. chapter 4, section 4.5. Firm characteristics and business motives can also be said to have an influence on the knowledge strategy applied (consciously or unconsciously). For example, as discussed in chapter 3, there is empirical evidence that not all STF owners are interested in business growth, but merely in survival or maintaining status quo – why fix something that isn’t broken? – so risk taking and innovation are not necessarily top priorities in times of uncertainty.

Cook (2005) extends March’s twin concept of exploration and exploitation by including the concept of *examination* “…in order to emphasise the possible role of an inter-mediating strategy between generation and use of knowledge in which new knowledge is tested and trailed before commercial application” (Manniche 2010, p. 81).

Table 5-3 Knowledge strategies

Exploration	Examination	Exploitation
search for new knowledge, variation, risk taking, innovation	contextualisation, testing	direct application of existing knowledge, refinement of existing knowledge and products, methods etc.

Source: After Manniche (2010)

Examination is a strategy that has to do with the testing and trial where the reliability and applicability of the knowledge is considered, a kind of feedback knowledge, according to Cooke (2005). Manniche uses the example of the pharmaceutical industry’s complicated clinical tests of new products before introducing them to the market (Manniche 2010, p. 81). Turning to tourism, Ioannides & Petersen (2003) give an example of an entrepreneur type business (a glasswork) that market tests products on tourists during the summer season to fine-tune the products based on the tourists' feedback, subsequently making product adjustments to compete nationally and internationally. Other examples could be a new restaurant menu being tested by restaurant employees, a branding campaign tested in one Scandinavian country before all of Scandinavia or testing a new product idea at a tourism and travel fair.

As pointed out, March (1991) and others (e.g. Gilsing et al 2008; Cegarra-Navarro & Cepeda-Carrión 2008) find that explorative and exploitative strategies complement each other, making it difficult to separate the two processes or even viewing them as sequential. Strambach (2008) and Manniche (2010) suggest that the extended version of March's knowledge development strategies (c.f. Table 5-3) should not be viewed as different and separate strategies, but as non-linear, intertwined and interrelated creating feed-back loops nursing new knowledge creation processes. Thus, if a strategy shift occurs, it can just as easily be a non-linear as a linear process between the three strategies. However, it can also be argued that despite the ideal intertwined nature of the strategies, some firms may prefer one strategy over another as a result of e.g. environmental uncertainty, firm motives, resources, or relational tie combinations.

There is a temporal perspective regarding knowledge strategies. Cegarra-Navarro & Cepeda-Carrión (2008) argue that as competition intensifies and the pace of change (i.e. global changes, cf. chapter 3) accelerates, it is likely that exploratory and exploitative processes, such as routines and procedures, will change over time (Cegarra-Navarro & Cepeda-Carrión 2008, p. 196). Concerning time and organisational change, Staudemayer et al (2002) point out that time may be viewed as a resource of change in the sense that it provides actors with the temporal space they need to consider and accomplish change. On the other hand, as suggested earlier in this chapter, the possible lengthy process of considering and implementing change may take so much time that the initial problem may have changed resulting in outdated knowledge (i.e. knowledge erosion) and wasted work, cf. Jensen et al (2004), chapter 5, section 5.2 on knowledge types and categorisation.

In his research on tourism firms in the Province of Malaga, Sørensen (2007) comes to the conclusion that tie strength results in different knowledge benefits and strategies, i.e. exploration and exploitation, a conclusion similar to that of Rowley et al (2000). When linking knowledge strategies and arm's length and embedded ties, it can be argued that explorative processes mainly are supported by arm's length ties as they facilitate gathering of new information from a potentially broad range of external actors. In Rowley et al's words concerning knowledge exploration processes, "…the emphasis is on identifying viable alternatives rather than fully understanding how to develop any one innovation" (Rowley et al 2000, p. 374). Contrary to explorative knowledge processes, exploitative processes can be argued to be supported by embedded ties facilitating the gathering of fine-grained and specific knowledge based information, which provides deeper knowledge in a particular area (Rowley et al 2000, p. 374). Access to specific knowledge based information is often based on embedded ties characterised by a strong degree of trust between the actors involved; relationship characteristics that can be linked to Nonaka & Takeuchi's socialisation process, i.e. the transformation from tacit to tacit knowledge (cf. Figure 5-1).

Table 5-4 Knowledge strategies and tie strength in tourism

	Embedded ties (tacit knowledge facilitators)	**Arm's length ties (explicit knowledge facilitators)**
Exploration		
Examination		
Exploitation		

Source: Based on chapter findings

However, as illustrated in Table 5-4, embedded ties primarily contributing to exploitative knowledge processes may also be suggested to contribute to explorative knowledge processes, just as arm's length ties primarily facilitating explorative knowledge processes may be suggested to contribute to exploitative knowledge processes. For example, a relationship characterised by embedded ties where trust is key can also be argued to contribute to an atmosphere where the fear of revealing ones struggles may be minimised hence clearing the way for sharing ideas and previously concealed information that could result in new and innovative joint solutions and thereby in embedded ties providing exploitation, *but also* exploration. The reason being that not only specific knowledge based information is shared, *also* new ideas and risks are taken as new combined knowledge sees the light of day. Moreover, the absence of a tie between two other ties that an actor is tied to may lead to explorative knowledge processes in one or both relationships, as the two actors that are not tied together may get access to otherwise inaccessible information via the third actor which they both are connected to, cf. Burt's (1992) structural hole argument.[19] Relationships that are characterised by arms' length ties primarily providing explorative processes can, even if only temporarily (Sørensen 2007), similarly clear the way for exploitative processes for instance due to time restricted intense cooperation and resource investment which calls for actors to be open and willing to share specific knowledge based information regarding a specific project. Arm's length ties are argued to spark innovative activities as they facilitate access to new and otherwise distant knowledge. Sundbo & Gallouj (2000) suggest that service firms' innovative activities are only loosely coupled to the external world (i.e. arm's length ties).

As the examination strategy refers to the testing of products, services, marketing initiatives etc. both embedded and arm's length ties can be argued to support this knowledge strategy as the relational ties can be seen as a reflection of the product, service, campaign etc. being tested – who is the product, service, campaign aimed at? However, considering the tourism industry characteristics, such as the dominant flow of tacit knowledge, high degree of environmental uncertainty, and high number of small family-owned firms with limited

[19] See Burt (1992) for more detail on structural holes in networks.

resources and suggested dependency on close relational ties (cf. chapter 3), it may be argued that knowledge about e.g. new ideas and products for the most part may be contextualised and tested via embedded ties. Simply because the chances of trustworthy feedback are much higher when embedded ties are consulted than when arm's length ties are consulted. By not providing trustworthy feedback, embedded ties risk losing valuable connections as they lose their standing and trustworthiness, whereas arm's length ties have little to loose in terms of relationship benefits because profit seeking behaviour and dominant self-interest is the highest priority compared to the relationship, indicating false or limited feedback as plausible if it benefits profit growth (cf. chapter 4, section 4.3). Thus the connection between the three knowledge strategies and ties characteristics are assumptions that are to be tested as part of this study.

5.6 Chapter overview

The purpose of this chapter was to operationalise the concept of knowledge and clarify its distinctions from data and information; recognising knowledge as both a conscious and unconscious act. Determining that knowledge is something people *do*, an act of conceptualising, interpreting and giving meaning. At the same time knowledge is also something that people *have* as that people over time build a knowledge based on skills, education, experiences etc.

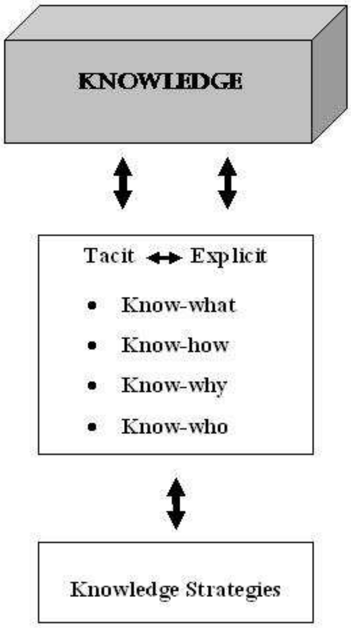
Knowledge has been identified as tacit and explicit, and has been associated with four categories of knowledge, some more tacit and some more explicit. Know-what knowledge, which related to general knowledge and facts; know-how knowledge, which refers to skills, competences; know-why knowledge, which relates to scientific/specialist knowledge but also experiences and even intuition; and lastly know-who knowledge, i.e. who knows who and what. The latter is closely related to the arm's length and embedded ties approach discussed in chapter 4. Tacit knowledge is embedded in people's daily activities, it is contextual, implicit and intangible, whereas explicit knowledge is codified and easily communicated via e.g. documents and reports, although removed from its original context. It is agreed that tacit knowledge contains much value and rationally this could imply that making tacit knowledge explicit would create vast knowledge benefits and collective learning processes resulting in e.g. new product developments. This may be true to some extent; however, a key point of this chapter is the recognition that tacit knowledge cannot be converted directly and wholly into explicit knowledge, since it loses its original characteristics as it loses its context-specific nature. However, this does not signify that tacit knowledge necessarily should stay tacit; merely that tacit knowledge has a strong competitive appeal for tourism firms as it is difficult to copy and the acknowledgement of what may work in one situation may not work in another. Specifically, the study looks toward Takeuchi & Nonaka's (1995) knowledge creation framework – The SECI model. The knowledge creation perspective provides a framework for studying STFs' knowledge processes by investigating the relationship between tacit and explicit knowledge and how STFs transfer and more importantly develop their tacit and explicit knowledge as a result of the interplay between the two. The SECI model operates with four modes of knowledge creation: socialisation, externalisation, combination and internalisation. In this context the knowledge categories of know-what, -how, -why and -who will supplement each other to enable a more detailed description of STF knowledge processes.

Concerning knowledge transfer, and hence the knowledge creation process, this chapter has shed light on tourism-specific barriers that may hinder knowledge processes and block successful diffusion of knowledge at the individual level, firm level and the relation level (i.e. network). A person's knowledge base has a substantial influence on his/her knowledge absorption capacity and further transfer and creation of new knowledge. In this context, a shared knowledge base (cognitive proximity) between knowledge transferring actors is important because it decreases the risk of a knowledge gap as the information being shared is complementary and in most cases viewed as important. An individual's existing knowledge base and a shared knowledge base between actors thus influence what is recognised and determined as important and useful information, and as a result shared with others, possibly resulting in new knowledge being created. The ability to absorb new knowledge may also be negatively affected by the amount of "unlearning" of existing knowledge, such as daily routines that are strongly embedded (tacit knowledge). Individual unwillingness to share knowledge caused by e.g. fear of losing power or overall fear of what change may bring, are also possible barriers to the transfer and thus creation of knowledge. Ignorance is yet another barrier in the sense that actors do not regard the information and knowledge they hold as interesting or required by others and vice versa.

Turning specifically to tourism, the seasonality of the tourism product also affects the knowledge transfer and creation processes. Seasonality leads to a high turnover in the industry, and as new employees are often hired when a new season begins prior experiences are lost when employees leave the firm. Employees may not know what information is important and what is not due to their limited familiarity with e.g. daily routines. However, in the context of STFs, high employee turnover is rare and is not regarded as one of the most influential barriers. STFs have few, if any employees, and family and friends are often employed. As discussed in earlier chapters, the smallness of the tourism firms is often reflected in the limited resources to invest in searching for and processing information. Moreover, suggested limited personal links across administrative boundaries and between different tourism firm types varying in products, and across occupational groups, along with free-riding and limited trust between actors may similarly limit knowledge creation processes in tourism. Some of these barriers relate to the individual, in terms of e.g. prior experience, culture, skills and competences, whereas others relate to external influences, such as local or national institutional set-ups supporting collaboration within the industry (cf. chapter 3, section 3.3).

With the aim of clarifying with what purpose STFs apply knowledge, this chapter looks toward a knowledge strategy approach that provides a framework that allows a distinction between different strategies with different objectives; exploration, examination and exploitation. Exploration links to the search for new knowledge, risk taking, variation, and innovation. Examination is related to contextualisation and testing of ideas before commercialisation, where exploitation refers to the refinement and exploitation of existing competences and knowledge.

Figure 5-1 Knowledge framework



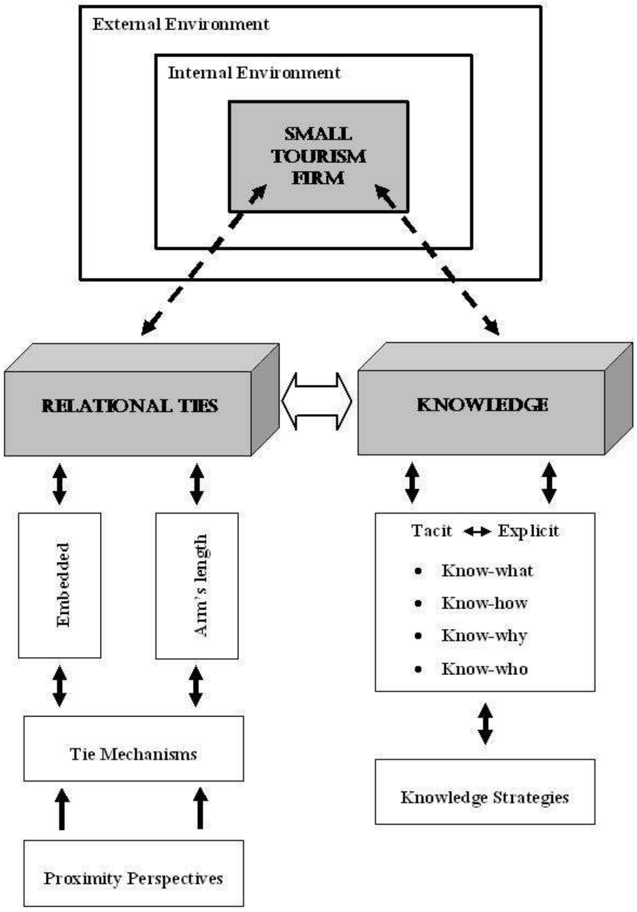
Source: Own making based on chapter findings

As illustrated by Figure 5-1, knowledge types, knowledge creation processes and knowledge strategies are interlinked. The interplay between tacit and explicit knowledge facilitated primarily by embedded and arms' length ties, respectively, are the essence of the four different knowledge creation processes: socialisation, externalisation, combination and internalisation. The knowledge categories of know-what, -how, -why and –who are applied to provide a more detailed description of what tacit and explicit knowledge is about and hopefully reveal what knowledge areas are essential for STFs in their business ventures. Likewise, the chapter argues that the knowledge processes STFs engage in are reflected in their knowledge strategies, be they conscious/unconscious, formal/informal, i.e. how they practically apply their knowledge. These are assumptions to be tested as part of the analysis. For instance, an exploration strategy characterised by the search for new knowledge, ideas and risk taking, can be argued to support arms' length ties facilitating access to knowledge that otherwise would be difficult to access (cf. Table 5-4). Finally, as illustrated by the double-headed arrows between the three boxes, the overall knowledge process is continuous in the sense that new knowledge gained (be it tacit or explicit) is likely to result in new knowledge processes being sparked, if not only add to the STFs' existing knowledge base.

6 The analytical framework: Summing up the theoretical basis

The analytical framework on which the examination of small tourism firms' (STFs') inter-organisational relations and knowledge processes has three main theoretical pillars. Figure 6-1 is an illustration of this framework based on the three key theoretical areas of (1) small tourism firm strategic management, (2) social network theory, specifically embeddedness in networks, and (3) organisational knowledge management theory, specifically knowledge creation (i.e. sharing/transfer) and how they link together in providing a conceptual and analytical framework that allows the distinction between different firm types, different relations, different knowledge benefits and different knowledge strategies, and the relationship between them.

Figure 6-1 Analytical framework



Source: Own making based on finding in chapter 3, 4 and 5

The process of characterising STFs and their business decisions is driven by a number of influences such as social mechanisms in terms of social relations, and formal mechanisms such as policies, laws and guidelines, and cognitive mechanisms shaped by prior experiences, education, culture etc. As argued in chapter 3, and as illustrated by the three boxes at the top Figure 6-1 various environmental (internal/individual and external) influences shape STF business structure, i.e. business motives, how they view their business environment and hence their strategic business decisions. Linking STFs' business motives with theory on relational ties highlights the fact that different business motives may result in different relational tie characteristics, i.e. embedded and arm's length ties primarily facilitating tacit and explicit knowledge, respectively. That is, STFs' view (i.e. based on individual and environmental factors) of their firm and their business environment within which they operate is argued to reflect with whom they form relational ties and share knowledge and to what extent and about what, i.e. how they strategically manage their firm. For instance, a classic business-oriented entrepreneur who perceives her business environment to be uncertain will theoretically prioritise arm's length ties as to access to new and alternative knowledge and other resources to spark development and increase her firm's likelihood of survival. In contrast, STFs with non-economic goals may in perceived times of environmental uncertainty prioritise close embedded ties and stick to whom and what they know because trustworthy feedback is likely to be viewed critical as it limits potentially risky activities contributing to additional uncertainty. Despite the suggested limited entrepreneurial drive of STFs, as discussed in chapter 3, section 3.2, recent research advocates a broader tourism entrepreneur definition, embracing the non-economic benefits lifestyle entrepreneurs contribute with. This study similarly supports the possibility of a variation in scale when classifying individual STFs as lifestyle entrepreneurs with personal goals or as traditional economic entrepreneurs with focus on commercialisation and economic growth. Specifically, this research argues that viewing STFs' entrepreneurial and innovative development initiatives on a relational level (i.e. collective, network, group level), and not merely on an individual firm-level, possibly is a more exact description of STFs' activities, especially considering the inter-dependence of tourism firms (large and small), public organisations etc. in terms of providing a unified tourist product, along with STF characteristics of limited individual resources to plan and implement new strategic initiatives.

Two steps have been identified as useful in operationalising the identification and characterisation of STFs' relational ties. Firstly, when identifying which relational ties are embedded and which are arm's length, Uzzi's three key embeddedness mechanisms, i.e. trust, sharing of fine-grained information and the existence of joint problem-solving have been deemed applicable as they capture key conditions regulating the expectations and behaviours of exchange partners in embedded ties. Relationships change over time (i.e. relationship lifecycle); consequently this study argues that there is a variety in scale in terms of ties being purely embedded or arm's length. The research turns to different kinds of trust (ability/competency trust, benevolence/goodwill trust, contractual trust, search trust) pertaining to different stages of a relationship as a method to help determine the degree of embeddedness of ties. Secondly, different proximity perspectives (i.e. geographical, organisational, cognitive, institutional, and social) are useful in providing a more nuanced picture adding aspects to the embeddedness approach of social relations. Thus, the phenomenon of proximity is viewed as conditions explaining embeddedness between actors, or the lack thereof, as different proximity perspectives indicate the complexity of relations and the variety of factors of commonality and distinction that affect interaction between actors. Even though e.g. tourism policy makers as a result of a destination's natural geographical boundaries encourage collaboration within the close geographical proximity of the destination, distant geographical relations may also prove beneficial, just as cognitive proximity or organisational proximity from STFs' viewpoint may prove highly important in terms of being able to relate to each other and create a platform for trustful relationships.

Finally, turning to the knowledge management aspect of the analytical framework, it is argued that embedded ties primarily facilitate tacit knowledge, whereas arm's length ties primarily facilitate explicit knowledge. In examining STFs' knowledge processes, Nonaka & Takeuchi's (1995) SECI model provides a framework for identifying and differentiating between STFs' knowledge transfer and thus creation processes based on the interplay between tacit and explicit knowledge. Moreover, the four knowledge categorisations of know-what, -how, -why, and -who are applied to give a more detailed description of the knowledge stored and shared, along with potential complexities in this respect. An example is the tacit dimension of know-why knowledge, including personal experiences, even intuition, which are difficult to codify directly since they are personal and context specific. Lastly, the knowledge strategy framework allows us to distinguish between different knowledge strategies, i.e. different purposes of knowledge benefits and use in a practical sense. The knowledge strategy framework deals with three knowledge strategies; exploration, examination and exploitation, and as Table 5-4 Knowledge strategies and tie strength in tourism) illustrates, these are suggested to be related to STFs' relational ties and the knowledge facilitated by these ties. The main assumptions are that: arm's length ties primarily facilitate explicit knowledge which supports exploration which refers to the search for new knowledge and new ideas, risk taking and innovation in terms of creating economic growth; embedded ties primarily facilitate tacit knowledge which supports exploitation which refers to the direct application of knowledge with the purpose to refine existing methods, products etc in terms of creating economic growth; and finally examination, i.e. contextualisation and testing of knowledge, ideas, product etc., as a strategy for economic growth is suggested to most likely be supported by embedded ties as such ties are argued to provide reliable feedback Additionally, as the double headed arrows in Figure 6-1 aims to illustrate, due to STFs' interaction and knowledge sharing there is a possibility of development and possibly change in STFs' view on business opportunities in line with a change and development of relational ties and increase of their knowledge base, e.g. in terms of new skills, competences, experiences. Moreover, the network activities engaged in by the STFs may not only change and/or develop the STFs internal business environment, a possible outcome may in fact also be that STFs based on collective effort have the influence to effect their external environment, e.g. local political initiatives and alike.

Based on the theoretical discussions, the study aims to answer the following questions as introduced in chapter 1:

- What are the characteristics of the individual small tourism firms?
- In what ways are small tourism firms' inter-organisational relations characterised as embedded and arm's length ties, respectively?
- What knowledge types, tacit and explicit, do small tourism firms' inter-organisational embedded and arm's length relational ties facilitate?
- How is the relational ties' knowledge content put into practice in terms of knowledge strategies that support exploration, examination, and/or exploitation?

7 Tourism development and the Municipality of Viborg

This part of the study looks at the Municipality of Viborg, the geographical frame of the STFs case study. The purpose is to give a broad understanding of the environment within which the STFs operate (cf. chapter 3). The chapter starts with a brief introduction of the Municipality of Viborg, followed by a review of the tourism product and who visits the municipality in a tourism context. The chapter reviews tourism strategies from national to local levels to illustrate the overall institutional set-up within which the STFs are players. A particular focus is put on the perceptions of the local public tourism actors with regard to STFs' networking and knowledge-related activities concerning tourism development. A natural part of the later analysis will be to identify potential discrepancies concerning the relationship between public and private tourism actors in terms of collaboration and destination development, and whether public actors' perception of STFs' collaborative activities in general comply with STFs' perceptions.

7.1 The Municipality of Viborg in brief

Denmark is divided into five regions (North Region Denmark, Central Region Denmark, Region of Southern Denmark, Region Zealand, and Capital Region of Denmark) and 98 municipalities. The Municipality of Viborg is a part of the Central Region of Denmark, i.e. the north-central portion of the Jutland peninsula as illustrated on the map below.

Figure 7-1 Map of the Central Region of Denmark

Source: Region Midtjylland (2009)

The current geographical structure of the Danish regions and municipalities is a result of the structural reform of Danish sub-national government in 2007, which greatly reduced the number of sub-national entities and redistributed tasks between the regional and local levels (Halkier 2008). Consequently, defined geographical areas that beforehand were small independent municipalities were merged into new and bigger municipalities. The current Municipality of Viborg thus consists of six merged municipalities. The map below illustrates the Municipality of Viborg as of 2007 as well as the five other municipalities that until 2007 were independent: Møldrup, Tjele, Bjerringbro, Karup and Fjends.

Figure 7-2 Map of the Municipality of Viborg

Source: Viborg Kommune (2011b)

The Municipality of Viborg covers an area of 1,422 km^2; population about 93,310 inhabitants; the principal town is Viborg, with approximately 35,251 inhabitants. The rest of the population is scattered in small hamlets in more peripheral areas (Viborg Kommune 2011a).

The business community of the Municipality of Viborg includes about 5500 business, of which 97 % have less than 50 employees. The majority of the businesses, approx. 1296, pertain to agriculture, forestry and fishery, but the number of businesses in these industries is decreasing, mirroring a national as well as an international trend (cf. chapter 1). Next is the retail industry with 864 businesses, followed by construction with 607 businesses and 304 real estate businesses[20]. The retail industry is the largest employer, employing 7200 people, followed by the machinery industry (6100), social institutions (5600), public administration (5500), health care (3700), construction (3600), and finally education (3300). The tourism industry is not mentioned specifically in terms of number of firms or people employed; however, tourism and experience-oriented firms are highlighted as one of the municipality's key industries (Viborg Kommune 2009a). When tourism is not mentioned as a distinct industry it may, as argued in chapter 3, be because it is difficult to define since it is composed of a mix of industries and occupational groups.

7.2 The Municipality of Viborg in a tourism context

The regional strategy for tourism classifies the Central Region of Denmark among the smallest geographical destinations in Europe (Region Midtjylland 2011b). Based on the latest analysis of the tourism industry's economic effect (VisitDenmark 2011), the Central Region of Denmark comes in third in terms of tourist consumption with 12.1 billion DKK, compared to for instance the North Denmark Region with 8.8 billion DKK in fourth place.[21] Overall, tourism in the Central Region of Denmark results in 5004 full-time equivalents (VisitDenmark 2011). The Municipality of Viborg is not among the highest ranking Danish municipalities in terms of tourist consumption with 416 million DKK. However, according to statistics from VisitDenmark, this tendency is valid for the majority of the municipalities in the Central Region of Denmark (VisitDenmark 2011). According to the municipality's local tourist association (Turistforeningen for Viborg og Omegn), overnight stays at the municipality's hotels and camping sites in 2009 approximately equal 190,000 (Turistforeningen for Viborg og Omegn 2009). However, these numbers are based on hotels with a minimum of 40 beds and camping sites with a minimum of 75 slots, so the municipality can be argued to have

[20] 247 businesses are occupied with service activities, 240 businesses work with transportation and 227 businesses work with the health industry

[21] The North Denmark Regional shares fourth place with Region Zealand. The tourist product along with key tourist segments of North Denmark are similar to those of the Central Region, where VisitDenmark ascribes the low level of tourism consumption in North Region Denmark to the fact that when tourists stay in North Region they stay in summer houses, self-cater to a large extent and thus do not spend money on hotels and restaurants (VisitDenmark 2011).

additional overnight stays if B&Bs and other small private accommodation establishments are included.

The weather is temperate and varies considerably according to season; cold and cloudy in the winter, while the summers are warm with a good deal of sun, which makes June, July and August the high tourist season with May and September as shoulder season (VisitDenmark for Region Midtjylland 2010). However, business tourism covers the off-season, thanks to, e.g., the large company Grundfoss, which has many employees from all over the world, and the Danish national archives, higher educational institutions and the court situated near or in the city of Viborg. The main tourist attractions in the municipality are nature-based, and as the city of Viborg is one of the oldest in Denmark, the municipality offers many culture and history experiences, along with a combination of different attractions. Due to the varying landscape of wide open heath lands, soft hills, dramatic cliffs, deep woods, fertile river valleys, silver lakes and the salt water fjord in the municipality, bicycle tourism is popular in the area. The many lakes and rivers provide excellent conditions for sailing and fishing as well. Other key attractions include the Viborg Cathedral, dating back to the 1100s, the limestone mines of Daugbjerg (Interview L) and Mønsted, which form the largest winter quarters for bats in Denmark (up to 24,000 bats hibernate in the two labyrinth systems). Hærvejen, or the 'Pilgrim Road', one of Europe's oldest roads, starts in the city of Viborg, runs through Europe, and reaches Santiago de Compostela before it stops in Finistierra. Other key attractions are The Energy Museum and the Paper Factory, a working museum. Overall the tourism industry in the Municipality of Viborg is dominated by small and medium sized tourism firms, specifically the so-called micro-firms with less than 10 employees, which are the subject of analysis here. Many of these firms are managed by a single owner or by husband and wife. Many of these very small tourism firms (STFs) are located in the periphery of the municipality (ViborgEgnens Landdistriktsråd 2011).

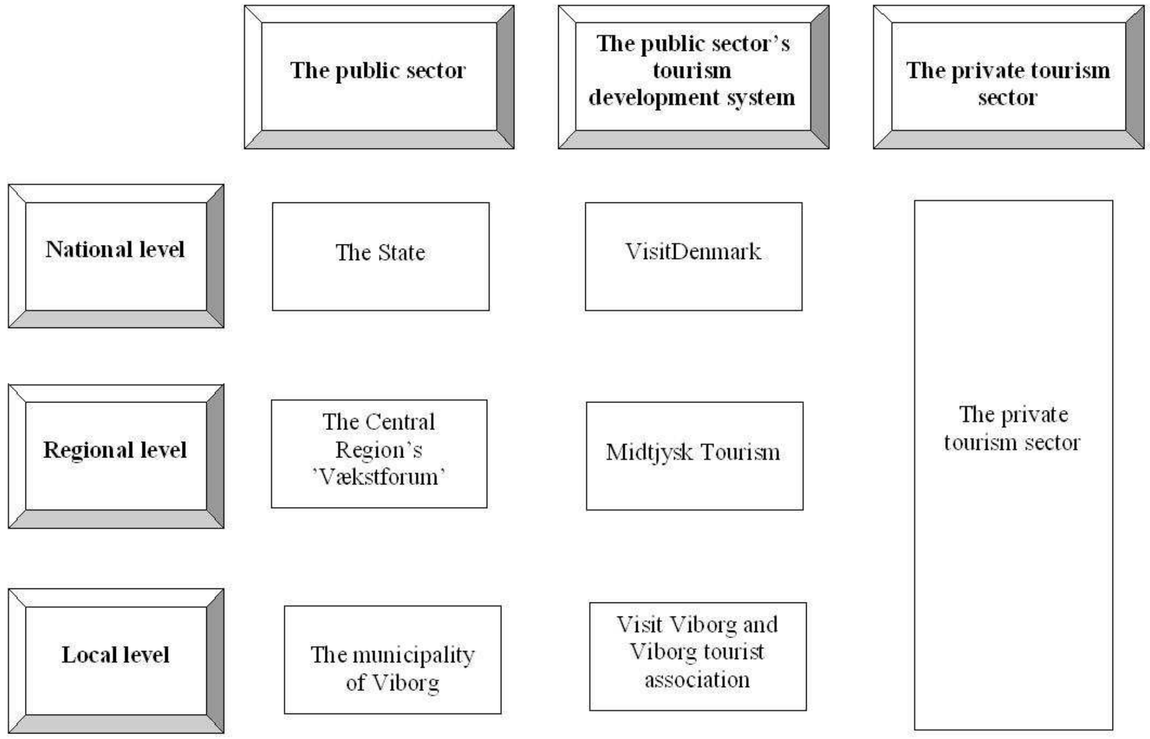
This section is based on a report on leisure tourists in East and West Jutland compiled by the national tourism development organisation VisitDenmark (VisitDenmark for Region Midtjylland 2010). An important factor to have in mind concerning this report is that it only includes leisure tourists staying at hotels, resorts, camping sites, rented summer houses and hostels, which, as pointed to previously, have to be of a certain size to be included in the statistics: hotels no less than 40 beds and camping sites no less that 75 slots. Such criteria thus disregard most small scale accommodation suppliers, such as B&Bs of which there are many in the Municipality of Viborg. The report is nonetheless deemed useful since it provides an overall picture of the tourists who visit the destination and take advantage of the different tourism offers. This section briefly reviews the leisure tourists visiting the geographical area within which the Municipality of Viborg is located. Factors such as life cycle status, nationality, duration of stay, factors influencing decision to visit, and motivation for visiting will be touched upon.

The two main tourist segments visiting the area are families with children and 40+ adults with no children, the latter being the most dominant. These two segments are primarily German tourists (4,743,850) and Danish tourists (2,819,833) from the Central Region of Denmark, the Netherlands (263,645) is third followed by Norway (187,543). According to the VisitDenmark report (2010), the tourists drive to the destination themselves, thus they are car-borne tourists who, if they want, are able to experience the area on their own (i.e. not dependent on public transportation). Summer houses, resorts and camping sites are the top three accommodation forms. The Danish tourists stay two (winter) to six (summer) days depending on season, whereas an international tourist stays longer, seven (winter) to twelve (summer) days depending on season. The report shows that prior positive holiday experiences are one of the key factors shaping tourists' decision to visit the area. In this context the report suggests that loyal summer house-renting German tourists may be a substantial contributing factor to this tendency. Recommendations from friends and family are the second most influential factor, followed by inspiration from catalogues, the internet or the like (less than a third of the tourist). As to why tourists visit the areas, the report states that they are not drawn by specific attractions, but by the setting for a relaxing holiday experiences, nature, safety, and cleanliness. Additionally, shopping opportunities score high on the list of motivations for visiting the area; a factor that may be ascribed to the 40+ with no children segment, who has a strong and stable economy that allows for additional shopping expenditures. Finally, in terms of vacation activities, the tourists focus on relaxing and recharging, sightseeing (including shopping), and exploring e.g. small towns, hamlets and harbours. These activities paint a picture of a tourist who may be described as outgoing and curious about what the local areas have to offer. This characteristic may be explained by the fact that the dominant segment is the 40+ segment, contrary to the families with children segment. As mentioned, the municipality also benefits from business tourism due to large companies, educational institutions and other large public institutions. The interviews with accommodation providers in the city of Viborg point to this segment as central in terms of revenue.

7.3 The tourism industry

This section looks at the tourism industry as it is organised from national to local level, illustrated by Figure 7-3. Beginning at national level, the tourism industry is influenced by political ideas from the government parties and ministries. A bill on VisitDenmark passed on 1 July 2010 gave The Ministry of Economic and Business Affairs national public authority over the organisation (Folketinget 2010). In short, the aim of the bill is to ensure a more business-oriented national tourism development organisation via a clearer division of labour between national, regional and municipal levels.

Figure 7-3 The organisation of the tourism industry



Source: Based on VisitDenmark (2009)

Now, VisitDenmark's primary task is to market and brand Denmark abroad. Unlike before the bill, the organisation is no longer responsible for developing tourism products and experiences; these tasks are now solved at regional and municipal/local levels. Another key task remains with VisitDenmark, namely gathering and generating knowledge about Denmark as a tourist destination and communicate this knowledge to the public, specifically public authorities such as the government, regional and municipal tourism actors along with the private tourism sector. It should be mentioned that the interviews carried out as a part of this research both cover the period before and after VisitDenmark's change of task focus.

Each of the five regions in Denmark has a Growth Forum (Vækstforum), which monitors business development in the region and develops business development strategies and action plans to attain growth and development throughout the region (Region Midtjylland 2010b), including growth and development in tourism. In the Region of Central Denmark this has resulted in the establishment of the regional tourism development organisation Midtjysk Turisme, which operates under the regional Growth Forum's business development strategies (Region Midtjylland 2010a). The purpose of Midtjysk Turisme is to contribute to the design of the overall regional tourism development strategy, contribute to the development of the operational set-up regarding marketing and product development, gather, generate and disseminate knowledge to regional tourism actors, support collaborative activities within the region, initiate and coordinate new tourism growth initiatives in collaboration with other tourism actors (e.g. tourism information bureaus, knowledge institutions), ensure visibility of the regional positions of strength, and finally support the public and private tourism sector by means of the region's general efforts regarding business development, innovation, new technology and competence development (Region Midtjylland 2010a). Concerning marketing and promotional activities, Midtjysk Turisme has no financial involvement in promoting the Central Regions of Denmark as a tourist destination. That job is assigned to local actors, such as tourism information bureaus and individual firms. Midtjysk Turisme views itself as initiator, supervisor and advisor in a tourism context, a so-called operator for the regional Growth Forum in a tourism context (Region Midtjylland 2011b). The organisation has a bottom-up approach to tourism development, its philosophy being that if tourism development projects are to be anchored locally then they must develop and live locally (Interview R). Consequently, Midtjysk Turisme's primary collaborative partners are the local tourism information bureaus in the region, which gives it very limited direct contact to the private tourism sector (i.e. the private tourism firms) as all types of contact (i.e. information regarding tourism analysis, reports, seminars, courses, development plans etc.) must go through the tourism information bureaus, in this case VisitViborg (VV). According to the interviewed Midtjysk Turisme tourism development consultant: "…we [Midtjysk Turisme] make a virtue of informing the destinations that now we are initiating this [course], so they [the tourism information bureaus/local DMOs] can go out and talk to their businesses [and ask:] "Is this something?"" (Interview R, 14:40). However, Midtjysk Turisme's website (Midtjysk Turisme 2011) is thought of as addressing the private tourism actors as well, so in that sense they do have access to information if they actively seek it.

At the local level the Municipality of Viborg serves as the political backbone in the sense that the municipality and the Tourism Association of Viborg have signed a partnership agreement (Viborg Kommune 2008). The municipality provides partial funding for VV where the local tourism association board (a combination of municipal and private tourism representatives) is responsible for VV's operations and set the strategic tourism development agenda. Moreover, the activities managed by VV must at all times support the general municipal business development strategy (cf. section 7.3.5). According to the head of tourism, VV has three key areas of responsibility: marketing, product development and information material/servicing the tourists, respectively (Interview D). The partnership agreement between the municipality and the tourism association (Viborg Kommune 2008) and the local tourism strategy (Turistforeningen for Viborg og Omegn 2011) mention development of networks across public and private administrative boundaries as an area of responsibility. In terms of competence development it is, as discussed, VV's responsibility to inform private tourism actors about e.g. development trends, seminars, courses etc. offered, developed or referred to by regional level, i.e. Midtjysk Turisme. This is primarily done by e-mail as an integrated part of the newsletters about what is happening in the area. The e-mail newsletter is sent out four times annually.

7.3.1 Tourism strategies

This section focuses on strategic measures initiated from national to local level in terms of tourism planning and development, with specific emphasis on the role of collaboration, competence and knowledge development. The section focuses especially on the perceptions of municipal public tourism actors with regard to STFs' collaborative and knowledge-related activities concerning tourism development (i.e. at firm and destination level).

7.3.2 National strategy for tourism

The first national strategy for tourism is introduced by the Danish government in 2001 (Økonomi & Erhvervsministeriet 2001a). A strategy that more or less is adopted and re-published by a new government in 2002 as a result of a general election (Økonomi &

Erhvervsministeriet 2002a). In short, the key points of the 2001 strategy is to (1) increase knowledge among tourists about Denmark by means of branding, internet and media awareness, (2) provide better experiences for tourists by means of renewal, collaboration, events, satisfaction, quality, and (3) develop a more able tourism industry by means of education, in-service training and professionalism (Økonomi & Erhvervsministeriet 2001a). However, the focus areas of the strategy changed slightly due to a change of government and thus policies. The 2002 strategy main focus areas are to (1) establish public/private collaboration on product development and renewal, (2) an effective industry service and branding of Denmark addressed to businesses and other tourism stakeholders, and (3) reduction of costs and administrative burdens not only related to tourism but all industries in Denmark (Økonomi & Erhvervsministeriet 2002a). A key move in the 2002 strategy in relation to public/private partnerships is to establish so-called tourism alliances and spearhead projects (Økonomi & Erhvervsministeriet 2002b) to gather private tourism actors' resources and establish collaborative relations across industries and sectors (i.e. public/private) concerning the development of four main tourism areas: city break tourism, business tourism, coastal tourism and activity-based tourism.

The government has released so-called reviews of Danish tourism (Økonomi & Erhvervsministeriet 2006, Økonomi og Erhvervsministeriet 2008), but has not released a tourism policy strategy since 2002. The fact that all national tourism development initiatives are operationalised in collaboration with VisitDenmark (until 2005 The Danish Tourism Council) is even more pronounced after the passing of the VisitDenmark bill. In 2009 VisitDenmark released its national joint strategy, *Our Journey*, for developing tourism in Denmark 2009-2015 (VisitDenmark 2009). Knowledge, knowledge sharing and creation are not individual themes mentioned in the strategy. This is not surprising since VisitDenmark's primary strategic focus is on marketing and branding Denmark abroad, and not product development (including competence development of private tourism sector) as these tasks are to be solved at regional and local levels. However, different collaborative constellations remain a key strategic focus area. Partnerships that build on the relationship between especially regional and local administrative tiers; public/private partnerships; and commercial partnership based on seven key business areas: theme experiences, round trip experiences, international congresses, business and meeting events, modern city experiences, the good life, and fun, pay and learning, respectively, consequently strongly inciting collaboration across industries (VisitDenmark 2009). Although knowledge, knowledge sharing and creation are not mentioned explicitly, they can certainly be argued to be an implicit result of the collaborative constellations that are encouraged. Another key point in the 2009 strategy is the development of strong geographical destinations within the regions, a strategic point that is a continuation of the high profile all-year tourism project. The project is designed to develop tourism in coastal areas (VisitDenmark 2010) and is strongly characterised by national and international destinations sharing the experiences related to their individual destination development processes.

All in all, since tourism became a specific point on the political agenda in 2001, developing the industry in terms of educational offers and competences has been prioritised to ensure that the Danish tourism industry is equipped to compete in a constantly changing, demanding and competitive tourism market. Education, professionalism and especially collaborative constellations across public and private sectors and between private actors have indeed proven to be key strategic initiatives in relation to product development and marketing.

7.3.3 Regional strategy for tourism

The regional strategy for tourism development is a reflection of VisitDenmark's national strategy. The regional strategy *New Growth in Tourism* from 2010-2015 touts the need for a more focused and professional tourism industry in the Central Region of Denmark (Region Midtjylland 2011b). The key point is that tourism development efforts focus on geographical alliances based on regional positions of strength, instead of scattered efforts throughout the region. Another objective is to increase collaborative relations between public and private actors, changing tourism development from individual projects to partnerships across the region, towns and hamlets (Region Midtjylland 2011b).

Table 7-1 Region tourism strategy's key points

Value chain	• Relaxation/pampering (Ringkøbing-Skjern, Djursland) • Knowledge/talent (Aarhus, Herning) • Entertainment/culture (East coast, the large attractions) • City/modernity (Aarhus)
Business areas	• Strong destinations (all-year tourism) (Ringkøbing-Skjern, Djursland) • Business tourism (Aarhus, Herning) • Additional sales (e.g. the municipality of Viborg)
Development engines	• Product development • Quality development • Competence development • PR and marketing

Source: Region Midtjylland (2011b)

'Value chain' refers to the sum of the interconnected processes which create the tourist's total experience. The purpose of value chains, as illustrated in Table 7-1 above, is to focus tourism products in correlation with the segments and markets the region wishes to attract. The purpose of the development methods is to ensure professionalization of the tourism industry in terms of developing activities identified in the strategy. Both the value chains and business areas are identified based on existing offers and resources within the Central Region of Denmark, including specific lead partners (municipalities, destinations and actors).

The value chain concerning *relaxation and pampering* is linked to the business areas of strong coastal destinations in the region (Ringkøbing-Skjern, Djursland). *Business tourism* is linked to the value chains of knowledge/talent and city/modernity and outplayed in the cities of Aarhus and Herning. Lastly, which geographical areas are liked to *additional sales* is a process of public and private tourism actor alike applying Midtjysk Turisme for their specific projects to be qualified. The Municipality of Viborg has qualified for the business area of additional sales based on two existing tourism projects; VisitGudenåen, a collaboration between Midtjysk Turisme and six tourism information bureaus crossing municipal boundaries about creating an experience space around Gudenåen (VisitRanders); and The Hærvej Project, a project including seven municipalities crossing regional boundaries to the Region of Southern Denmark.

Implementing the new tourism growth plans in terms of value chains and business areas, organisational structures like partnerships, strategic alliances, and destination management organisations are essential, specifically regarding the business areas of strong destinations and business tourism. Product, quality and competence development along with PR and marketing are, according to the strategy, the fundamental areas that need to be developed in order to reach the overall goal of tourism growth and professionalism within the region. For instance, new front and back office solutions in relation to servicing tourists, new platforms for additional sale (i.e. on-site and on-line), along with ensuring additional sales via developing and improving new and existing regional, national and international distribution channels and collaborations are identified as key engines of development. The strategy specifically points out that the small and medium-sized firms in the region lack knowledge about sales; marketing strategic development; leadership, organisation and personnel; information technology, technology, design and development and globalisation. This must be remedied to ensure a more professionalised private tourism sector. In terms of improving and ensuring quality, development, knowledge and a high level of service in the tourism industry, the strategy identifies the need for a lift in competence and educational levels; moreover making existing public business development offers more visible, accessible and targeted at tourism firms specifically, because at it is argued in the strategy, there is a tradition among private tourism actors not to make use of the existing business development offered.[22] Additionally, collaboration with national and international knowledge intuitions is viewed as essential. The strategy acknowledges the need for introducing highly educated manpower to the industry and points to the future knowledge centre of coastal tourism[23] along with the digital tourism academy as key contributors to increasing the competence and educational level in the industry in the region.

All in all, concerning collaboration and knowledge, the regional growth strategy for tourism aims to create a much more product-focused and professionalised industry to make the

[22] A proposed explanation for this alleged tendency may be ascribed to the heterogeneous nature of the tourism industry and thus the potential difficulties that lie in developing a joint competence and general business development program that is able to embraces the industry's many facets (i.e. its many different actors and business types).
[23] See e.g. www.turistnyt.dk/news/Rejsenyt/14005.html (Turist Nyt 2011)

region a stronger international competitor. Collaboration across administrative, geographical, industry and sector boundaries in the quest for new knowledge and exchange of experiences is valued in this process, along with the acknowledgement that existing regional and local business development offers must be fine-tuned to fit the tourism industry's small businesses, particularly facilitating competence development in this number wise dominant group of private tourism actors in the region's tourism.

7.3.4 Local strategy for tourism

As introduced in section 7.3, VV's mission is to develop tourism in the municipality by means of product development, marketing, and public/private networks, and to provide tourists with information. The overall vision of the area's tourism is to be Denmark's best-known destination in Northern Europe in terms of history and nature. The strategy presents three main target groups, adult tourists with no children, families with children, and one-day tourists. Theme-based experiences; fun, play and learning; and the good life are the identified focus areas of the tourism products in the municipality. Reflecting the nationalities identified in an analysis of tourists visiting Western Jutland (2010), Denmark, the Netherlands, Norway and Germany are identified as the key markets. As a result of the regional tourism strategy initiative to focus on fewer and bigger tourism development projects by introducing three main business areas (i.e. areas of strong (coastal) destination, business tourism and additional sales), the Municipality of Viborg is linked to the additional sales business areas having qualified the municipality based on two projects, VisitGudenåen and Hærvej Project (Interview D). Additional project development initiatives relate to Karup Airport, bicycle and hiking tourism, action holiday, and packaged offers based on a new booking portal (i.e. accommodation, bike rental etc.). In relation to marketing efforts VV initiates, facilitates, organises and publishes an annual holiday magazine, which includes references to accommodations, attractions etc. throughout the municipality. The tourism firms have to pay a certain amount to be included in the magazine, an amount which is in addition to their annual membership fee of the tourism association. VV initiates and handles distribution of the different tourism firms' brochures and develops and publishes brochures on e.g. canoeing and fishing throughout the areas. Attending travel and tourism fairs nationally and internationally is also among the organisation’s marketing efforts. Beside the tourism actors paying a membership fee to VV, tourism actors pay an additional fee to attend fairs in the context of VV.

7.3.5 Local strategy for business development

The joint business development policy of the Municipality of Viborg (Viborg Kommune 2009b) focuses on five theme areas; an attractive business service, a qualified work force, the creative business sector, international insight and outlook, and education. Based on these themes the municipality’s overall vision is to ensure an attractive business environment that is in constant development, along with ensuring a dynamic research and educational environment. The policy focuses on business development, knowledge sharing and competence development, also in relation to tourism by acknowledging the industry as a contributor to economic growth in the municipality (Viborg Kommune 2009b). Turning specifically to the local public business service system, the municipality’s trade council, Viborg Egnens Erhvervsråd (VER), is the key contributor in terms of business development. VER’s main focus is to develop creative growth milieus for entrepreneurship, knowledge sharing and develop networks for all industries and businesses in the municipality (Viborg-Egnens Erhvervsråd 2010).

VER provides entrepreneur support to the three growth milieus, a service that e.g. includes developing a business plan, problem clarification by specialised consultants and advisers within e.g. law, accounting, finance, advertising, and bookkeeping. This program is directed at firms in their first three years. In short, the entrepreneur support program aims to ensure the best possible start for businesses, e.g. informing about potential pitfalls, evaluating the business concept, and advising about possibilities and offers the entrepreneurs have access to when engaging in a business venture. The second main task of VER is to provide overall business service. According to VER business development consultant (Interview B), this service is directed at firms that are well established (3 years and older) to ensure growth and continued development, especially for small and medium-sized firms. Advice to more established firms concerns product development, sale and marketing, export, innovation and co-financing. As far as access to new knowledge, competence development and innovation possibilities, VER has a strong partnership with Væksthus Midtjylland which supports both newly started and established firms based on regional and national funding programs. E.g. the Early Warning program is an offer to firms in crisis and offers interpretation, impartial and free help to identify actions that may bring the firm back on track. Finally, based on the entrepreneur and business service support programs, the third main task of VER is to facilitate and develop networks which are valuable to the firms. The networks have different purposes, for instance the entrepreneur network addresses micro-businesses (1-5 employees), focuses on firms exchanging experiences and informs about possible challenges. There are also more theme-based networks, for instance The Food Network,[24] a knowledge and competence network that creates awareness of the food industry in the Municipality in Viborg via product development and joint promotional efforts. The Network for Women facilitates sparring, growth and experience exchange among female business owners. According to the interviewed business development consultant (Interview B), the municipality's STFs are represented in The Food Network and The Network for Women. However, out of the 13 STFs interviewed, only one firm is member of The Network for Women, whereas 7 out of the 13 interviewed firms are members of The Food Network. Even though VER identifies these two networks as representing STFs, the membership list of The Network for Women only lists one additional firm, a restaurant, that can be argued to belong to tier 1 tourism firms (cf. Smith (1988) in chapter 3, section 3.1). The other firms represent many different industries and occupational groups such as marketing, production, insurance, furniture.

After this introduction of local public strategies aimed at developing and marketing the tourism industry as a whole and the individual firms constituting the industry, the following and final section of this chapter concerns the local public authorities', i.e. VV and VER, perceptions of the STFs.

[24] The Food Network was established in the fall of 2008 to develop culinary experiences in the municipality and make them more visible. In late 2010 the number of members reached 44 firms, including producers, distributors of quality foods, restaurants, food related accommodation enterprises and experience centres.

7.3.6 Local public authorities' perception of small tourism firms

According to the head of tourism, some STFs wish for growth e.g. in terms of number of employees and physical surroundings, but a vast number of STFs prefer to stay small. Starting with the last mentioned's business motive, VV's head of tourism states:

> …but that is how it is with many of our firms, the inns as well, (…) because you may have to add a building or invest in other things, and then they do not want it [to expand and grow]. We have such good places, for instance in Hjarbæk we have Butik Remme, who has a small B&B as well. It is the kind of thing they enjoy doing in their spare time, right? (…)…and Oasen, well she has gone from just renting out a few beds and now all of a sudden she has 40 beds, doesn't she? (Interview D, 17:06)
>
> … and well, Sven-Henrik Brandstrup [B&B Kolsterpensionen], he moved into a big house, right? And suddenly he got the idea to start up a B&B, but he has his job in addition…I really don't think that he has the idea that he is going to be a fulltime tourism [business]. Moreover, I think it has something to do with the goals you set for yourself because…well, he is the [type]...he wants to bake homemade bread for the guests, right? Yes, that is what he wants. That is kind of a part of his personality, right? (Interview D, 17:53)

The statements show that VV acknowledges that there are different STF types with different business motives, and that the bulk of these firms belong to a firm category that does not wish to expand and grow e.g. due to limited resources for investment or simply the fact that they want to stay small for the sake of smallness. Regarding STFs' collaborative and network activities, VV regard itself as overall key initiator, facilitator and contributor:

> Yes, we are the ones who go out and do things. It is because the small businesses have very very limited cooperation (…) They kind of have to have some relation to each other, before we can get them to work together. And sometimes we initiate…well, we have e.g. made a folder with offers for groups this fall. Where we kind of try to package them [tourist firms] together (…). And just like our vacation magazine (…) well that is also purely on our initiative that we have that published. And well…also when we attend fairs and the like, we also go out and say: "We are going to attend this fair, who wants to join us? " (Interview D, 10:46)

Consequently, acknowledging that STFs' limited resources are a reason for this tendency. Arguing that STFs are constantly tied up with practical things, such as VAT-accounts or keeping up production; that is, simply keeping their firms running. However, a different perception also exists within the VV organisation as a project coordinator presents a different perspective on STFs' collaborative activities; maybe because she has a different form of interaction and communication with them. This consultant's primary task is to develop the bicycle routes in the municipality and in this context she has regular contact with the STFs on the different bicycle routes. Asked if there are any collaborative relations between the STFs regarding the bicycle routes she says:

> We would very much like there to be, but it is still centrally managed by VisitViborg, where we are the co-ordinator and input provider to keep the project going. At any rate in relation to those projects [bicycle route projects] they [the tourism firms] do not take the initiative to start up anything. They have kind of adopted a wait-and-see attitude about what we do, but they do have collaborative activities with each other. For instance, I know that (…) the small firms join forces and establish a stand at small fairs in Norway [where VV is not represented] (Interview A, 06:45)
>
> ….my perception is that something is going on between the firms, something that we are not in control of, you could say. They have some collaborative activities that we have not initiated or have any influence on. Maybe we've unconsciously influenced them as they have met each other through the tourism association so many times. But it is a collaboration that they somehow themselves have [initiated] (Interview A, 09:57)

The above quote suggests that the STFs display limited voluntary involvement in the networks and collaborative activities initiated by VV. Nonetheless, collaborative activities that are independent of VV-activities are observed, for instance in organising fair trips and linking to each other's web sites. However, a request is expressed that STFs take more initiative regarding projects and collaborative activities initiated by VV, since they know their products, their customers, what products are in demand, and what they can contribute with in this respect. These are factors that VV cannot dictate (Interview A, 37:06). According to the head of tourism, experience suggests that in order to get the STFs to invest their time and money, positive bottom-line results must be within reach (Interview D, 26:33). Striking while the iron is hot is essential in terms of bridging STFs together to form new partnerships. The head of tourism argues that when the STFs have left a meeting, then they are out the door, they have moved on, working on or toward the next thing on their 'to do'-list, and she concludes that VV has to get a better hold of the STFs during the meetings if they are to succeed in getting them to work closely together (Interview D, 45:26).

In terms of knowledge sharing, VV sends out a newsletter to the STFs four times annually. It includes news about new initiatives and positive stories from the area. The policy is to keep the newsletters short, use short and precise sentences, so that if the STFs find some of the news interesting they can make the additional information search themselves. However, according to VV, the response from the STFs to these newsletters is limited, which is explained by the busy everyday life of the STFs (Interview D, 23:14). However, an attitude exists in VV that increased efforts to communicate new studies, analyses, trends etc. to the STFs could and should be undertaken.

> We could do a much better job [communicating knowledge], I admit that and we try, but it is not … sometimes you feel that you hit a brick wall: ”Oh is that supposed to interest us too?” But we could do a much better job (Interview A, 11:21)

So, there clearly exists an understanding of the STFs having limited resources, maybe even limited interest, to involve themselves in the VV newsletters. According to the interviewed project consultant, VV is not a key knowledge source to the STFs is the area. The consultant questions the relationship between Midtjysk Turisme and VV and suggests that Midtjysk Turisme could invest more resources in communicating its knowledge. Moreover, VV actively has to contact and regularly check the regional tourism development organisation’s website to stay tuned, suggesting that direct communication between the two public levels must be strengthened, especially since the hierarchy in the industry requires a strong link between the two levels, cf. section 7.3.2. (Interview A). Although VV is to function as a key knowledge contributor in terms of passing on and communicating Midtjysk Turisme’s knowledge, STFs do have the option and possibility to keep an eye on Midtjyske Turisme’s website, but according to VV this does not happen. An explanation offered by the project consultant is that the distance between the STFs and Midtjysk Turisme is too large as a result of the perceived distance between the industry’s administrative levels cf. Figure 7-3. The VV project consultant has identified the same issue as pertinent in relation to STFs’ participation in larger projects including both regional public actors as well as large private tourism actors. The argument links to Håkansson & Johanson's ARA-model (1992) (cf. chapter 4, section 4.1) and the logic of actors having different resource access affects the degree of influence they have on network activities. In this context, it is the project consultant's clear understanding that the STFs experience that they are too small compared to public actors and larger private tourism actors, that they do not have a voice, and that they cannot compete (Interview A, 37:49). Moving on, STFs were experienced to displayed limited interest in specific competence building activities (web page optimisation, Facebook and blogs) facilitated by VV in the fall 2010. Only one signed up, so the courses were cancelled. The project consultant does not understand why registration to the courses was so low, because they were held fall evenings precisely so that STFs did not have to close for the day or get off work (additional wage labour) as fall is the low tourist season. However, the project consultant also admits that VV did not follow up directly with the STFs about why they did not attend, acknowledging that they could do a better job in terms of establishing a stronger contact with the STFs (Interview A). Another issue is that VV according to the more peripheral STFs has too much focus on the city of Viborg compared to the more peripheral areas of the municipality. However, VV does not find that this is a legitimate claim and points, for instance, to the bike route project stretches throughout the municipality, specifically the more peripheral areas. Indeed, the above insinuates that there are challenges in terms of engaging the STFs in VV's activities and that the STFs may have expectations that are not being meet by VV, potentially as a result of miscommunication or different ideas about effective promotional activities.

The services provided by VER are formally directed at all business types and industries in the municipality, but according to the regional action plan for tourism development (Region Midtjylland 2011a), few small-scale tourism firms take advantage of the public business development offers as there seems to be no tradition for this in the tourism industry. The interviewed VER consultant suggests that the tourism industry, due to its very low entry barriers, may have a tendency to attract "dreamers" who have an illusion of the freedom that follows by owning your own business. These people do not necessarily have the background, knowledge and competences to establish and run a firm, and this may explain the low levels of professionalism in tourism (Interview B, 12:24). Another sign of low professionalism, from VER's perspective, is that not all STFs in the municipality are registered in the Central Business Register. The interviewed VER consultant argues that due to the low level of professionalism, it is a challenge to make these firms aware that they need to accept and use VER's offers. Experience has shown that the firms often contact VER when the business starts to go downhill instead of when they start their business (Interview B, 19:34).

However, the consultant mentions that when tourism firms join networks facilitated by VER, such as The Food Network, a dialog is established between the tourism firms and VER, which results in VER sometimes makes firm visits and the firms end up making use of the business development offers (Interview B, 04:17). Another benefit identified in relation to The Food Network is the fact that the actors are from different industries and provide different products, i.e. reflecting organisational distance cf. Boschma (2005), chapter 4, section 4.5, which results in limited direct competition between actors and thus a stronger base for collaboration (Interview B, 30:32). When asked if the hope is that networks facilitated by VER become autonomous in the sense that the firms run the networks without VER, the consultant thinks that such a notion borders on wishful thinking:

> The challenge regarding the network we facilitate is fundamentally that they are highly supported, but it is a question of us [VER] wanting them to keep going, moreover wanting as many to join as possible. This signifies that we spend a lot of time on follow-ups and invitations and try to make a good programme, but also that it is a pretty resource demanding job to maintain a network (…) another challenge is that we like to have them on a leash along with the fact that they [The Food Network] have been pampered these last two years as we have done all the work, so to get them to form an association is maybe not the easiest thing, to be totally honest. But we are working on it (Interview B, 24:57)

It is suggested that top-down publicly facilitated networks may be difficult to hand over to private actors, as they are not used to, or even have the resources (i.e. administrative hours, knowledge of how to fundraise) to invest in the maintenance of such a network. This strongly indicates an immense, maybe even impossible challenge, in turning top-down initiated networks into bottom-up networks.

VER has experienced a shift in the political focus concerning small-scale tourism- and experience-oriented firms. Tourism and experience economy-oriented firms are now more that ever on the political agenda since they are viewed as providers of potential growth and development by attracting tourists, creating jobs, as well as contributing to providing attractive communities for residents, and attracting newcomers to the area. According to the VER consultant, this political focus has changed the attitude toward this type of firm (Interview B). Instead of viewing them as the 'wrong' kind of firms, which was apparently the case previously as STFs' success criteria differed from classic business success criteria, such as an increase in number of employees, turnover and export; STFs are now viewed as the "right" kind business, and VER accepts that different success criteria also have value, and that business development services offered to small experience-oriented firms may have to change accordingly to fit their specific needs (Interview B, 16:19). A reflection that fits the regional tourism strategy conclusion discussed previously, namely that local business development offers must be fine-tuned to fit the tourism industry's small businesses, particularly facilitating competence development in this number wise dominant group of private tourism actors in the region (cf. section 7.3.3).

VER, VV and the trade association are currently three separate business-oriented organisations in the municipality in relation to business development, marketing and branding. However, political restructuring, budget cuts and positive evidence from other municipalities (e.g. Skive and Vejle) have prepared the ground for a future joint organisation. The idea behind this restructuring is to offer complementary services, hopefully resulting in a stronger business development service and hence a more qualified and professionalised local business industry. Such a restructuring is specifically regarded as beneficial for tourism as it will most likely break with the tradition that tourism firms do not take advantage of public development services. The VER consultant describes clear boundaries between the three organisations today, and claims that the development of tourism and retail businesses as such has not been a highly prioritised VER task as these firms traditionally contact their own organisation, VV and Viborg Trade Association, respectively. This nonetheless indicates that these firm types would benefit from VER's services in particular (Interview B, 41:25). The boundaries between the three organisations are also evident in the interview with a project consultant form VV, who states that the retail shops in Viborg town do not regard themselves as oriented toward tourism and therefore are difficult to get to participate in joint tourism promotional efforts. Moreover, the individual retail firms use the trade association and not VV as their 'go to'-organisation (Interview A). A joint organisation, not to mention a shared physical milieu, would very likely contribute to a more collaborative atmosphere that would result in more synergy and optimal resource utilisation between the three organisations. Moreover, the three organisations would gain insight into to each other's main competences, and thus insight into where they may complement each other competences. However, these are future plans that for now are on the drawing board.

All in all, in relation to the national and regional strategic tourism policy initiatives aimed to develop Denmark as a tourist destination, cooperation between public and private tourism actors and cooperation across the tourism industry in general along with cooperation across industries (inc. knowledge institutions), and the increased qualifications of especially STFs are strategic focus areas that are ascribed specific attention. The purpose is to ensure the development of stronger tourism products, a high service level, a focused marketing effort that uses the right channels, and generally a more professionalised industry. Local level strategic initiatives likewise support the development of tourism in these areas. Talking to local level public tourism actors within the Municipality of Viborg, it becomes evident that there are certain perspectives and experiences that make these initiatives difficult to execute practically. For instance, within the local business development system, a viewpoint that appears to have been evident for years is that STFs are not real firms in the same way that e.g. production firms are as they have specific goals and success criteria that can be measured (turnover, number of employees). Generally, the perception of local level public actors is that the STFs overall are not interested in the business development opportunities offered by the local business development system, and if they show an interest it is often too late in terms of survival. However, it is also admitted that STFs have not been a specific target group of the business development system over the years, despite the apparent perception that they could benefit from a little attention. Yet, the political acknowledgement of tourism as a potential development strategy for economic growth has sparked investment of resources in this area (e.g. The Food Network). It has made the business development system realise that there may be other worthy success criteria and match the business development service to these criteria. Moreover, a possible future organisational restructuring in terms of physically co-locating (shared offices, building) the business development system, VER, VV and the trade association is described as a positive move for the business development opportunities of STFs (and retail businesses). In terms of facilitating collaboration possibilities in the local tourism industry and between public and private tourism actors, along with communicating tourism-specific information to industry actors, specifically the STFs, VV acknowledges its role. However, it is difficult to effectuate these responsibilities, due to the limited interest and initiative experienced expressed by the STFs. VV acknowledges STFs' sparse resources (time and money) and their potentially different business motives as causal explanations and that VV could put more effort into keeping STFs' attention in terms of engaging them in potential collaborative constellations, passing on information from the regional level, and following up on why STFs do not take advantage of business and competence development offers. However, it seems that VV's limited time resources are the obstacle. The general picture seems to be that STFs are perceived as having a limited interest in the business and competence development opportunities offered by both VER and VV and as engaging in limited collaborative activities besides those initiated, facilitated and organised by local public authorities. Such perceptions paint a picture of a public-private tourism actor relationship where the reciprocal understanding of needs and intentions may not be sufficient in terms of effectuating destination development initiatives that satisfy both public and private actors. However, there are examples of the opposite as STFs are perceived as independently launching collaboration activities (marketing, attending fairs) that bypass the involvement of local public authorities. These STF-activities are of interest in the following analysis of why these collaborative relations are established and what the resulting knowledge benefits and specific collaborative actions are.

8 Small tourism firms in the Municipality of Viborg

This chapter is a review of the small tourism firms (STFs) on which the empirical data of this research is based. The chapter presents the firms, their products and services, and the firm owners in terms of background, reasons and motives for running their small firm, potential business challenges, and experienced market changes, along with future business development wishes and plans. As introduced in chapter 2, Methodological Reflections, the STF interview sample consists of interviews with 13 firms. However, as will become evident during this chapter many of the interviewees have more than one business activity. The firms represent a cross-section of the STFs in the municipality, and include accommodation establishments, lifestyle shops, artisanal firms (Fillis 2009), restaurants, and an attraction. Firm age[25] ranges from 4 to 27 years. With reference to the municipality's trade council, Viborg Egnens Erhvervsråd (VER), these firms can all be categorised as well established (versus newly established) since they have passed the three year limit, cf. chapter 7, section 7.3. All 13 interviewed firms, but one are registered in the Central Business Register. This puts shame to the suggestion that many STFs in the municipality are not registered as business owners, and questions the fairness of categorising tourism firms as unprofessional on this account. Moreover, all interviewed STFs have a website promoting their business as well as small advertisement in the annual holiday magazine initiated, facilitated and coordinated by VisitViborg (VV).

The STF reviews are based on the conducted interviews, firm specific brochures and the firms' websites. The chapter presents one firm at a time, compares the findings and identifies possible similarities and differences in the cross-section of firms. Perspective and facts presented in chapter 3, Small Tourism Firm Management, and chapter 7 describing the case study area are included because, as argued in chapter 3, it is not enough to conclude on STF characteristics simply based on their individual characteristics (e.g. the trait approach). Focus on external environmental factors as influences that may be more important than personality enable a more dynamic approach to the analysis of firm's behaviour, similarly

[25] Number of years the current owner has owned and managed the firm.

acknowledging the role of learning, preparation and even serendipity when it comes to business development. Finally, one of the overall aims of this research is to examine the possibility of a variety in scale in STFs as entrepreneurs and lifestyle-oriented firms, individually as well as collectively (cf. chapter 3). Nonetheless, this chapter only contributes partially to this discussion; other analyses of the STFs' relational ties and knowledge processes and strategies contribute with the other parts since those chapters focus on the specific actions of the STFs . Throughout this chapter STFs' challenges and experienced market changes/challenges are indicated without going into detail about how the STFs manage these. It will be discussed in detail in the following chapter with specific focus on the role of inter-organisational relations and knowledge processes.

8.1 Oasen

Oasen is a bed and breakfast (B&B) located in the centre of Viborg, open year round. The B&B is run by Anni Teglkås and her husband Troel Mørksbak, both in their late 50s. Only Anni participated in the interview. The primary guest segment is business people staying for long periods of time, but also leisure tourists stay at Oasen, especially during weekends and the high season. Oasen has 21 rooms (about 40 beds); the rooms are decorated in a cosy style, personal and individual, and have TVs. The guests can have breakfast in their rooms or in the small dining room that has been added to the B&B building. Ordinarily Anni and Troels live on Bornholm where they also run a small permanent residence rental company, so they often commute between Bornholm and Jutland. When they stay in Viborg, they have an apartment next to the B&B building. In addition to the man-hours put in by Anni and Troels servicing the guests; being the face of the firm and maintenance, respectively, Oasen has three employees who in terms of man-hours amount to two full-time employees: a gardening girl three hours a day year round, one fulltime employee who works during the day, and one almost fulltime employee who works afternoons and evenings. Anni describes herself as a person who likes to learn new things and as being able to catch on to a new ideas quickly. However she points out that time is a precious and limited resource and consequently very limited resources are spent on activities that are not directly linked to the firm's bottom line (Interview C, e.g. 18:01).

Anni and Troels started their B&B adventure 15 years ago in 1996 because they wanted to have a place of their own when visiting their parents in Viborg and their son, who still lives in Viborg, had his first child. Anni says that she could not bear the thought of not being close to her grandchild, not being a part in its upbringing. So Anni and Troels bought an apartment in Viborg for their visits, and as to cope financially they rented out the apartment via VV when they were on Bornholm. Nonetheless, Anni and Troels ended up staying at hotels when they visited Viborg because their apartment always was rented out. It dawned on Anni that there was a need for cheap accommodation in the centre of Viborg, and she (and Troels) decided to expand as they got the opportunity to buy a small apartment complex. Anni initiated the B&B adventure, just as she is the face of the firm today. She says (with a glint in her eye) that her husband thought that the idea of running a B&B was crazy and that it would not provide any economic benefits, so he helped with maintenance and otherwise watched from the sidelines. However, as Oasen has expanded he has become more involved.

Since Anni started renting out their Viborg apartment in 1996, the firm has expanded five times and new buildings have been bought, renovated and added to the venture. Annie explains:

> …it [the apartment] was always rented out. So we though that we had to put something in its place, and then it just kind of happened. That is, if we were to keep up, if we were to keep on existing, then we had to develop and expand. So I quit my job. I worked at the psychiatric ward in Roenne for many years (…) I teased them [her hospital colleagues] and said that I (…) had applied for grandparents leave and that I had gotten that on indefinite amount of time. This was also for my own sake as to say that I did not believe that I would be returning. I loved my job but I could tell that *this* [running a B&B] was just as much me, because there are just as many different people here whom I have contact with as when I worked at the hospital (Interview C, 03:21)

'It just kind of happened', Annie says. The opportunities arose and they grabbed them. Based on the quote above it can be argued that if the B&B did not allow Anni to work with and around people then the business venture would have been a short one. She describes herself as having good people skills, having the ability to empathise with people. Traits that according to herself come to good use in her current function as a B&B owner (Interview C, 10:50) in the sense that she quickly can tell how people are doing and what they need. Moreover, Anni was born and bred in a family of self-employed.

> (…) actually everyone in my family were self-employed. So it is in my character somehow that maybe that path [being self-employed] was the path for me when all comes to all, right (Interview C, 31:19)

The fact that she grew up in an environment where regular wage labour (compared to self-employment) was the exception rather than the rule also has influenced Anni's perception of self-employment as a natural carer choice for her, as "something that just kind of happened".

The market has changed, Anni argues. Oasen's sales are stable, even increasing, but the customer segment has changed compared to previous years. Now many business people use Oasen, unlike previously when many people from the building trade made use of the B&B. Anni argues that it is because their rooms are less expensive (and just as good) as the hotels in town. However, she does not believe that this development is an effect of the financial crises; rather that word-of-mouth has ensured a positive reputation and thus additional demand. Although Anni and Troels have expanded their firm several times and their business is generally thriving and reflecting a stable, even increasing income, Anni and Troels do not plan on expanding additionally:

> Yes, well I must say, that today I do not whish for it to get any bigger. The reason is that I think the close contact which I have with the guests will vanish. And when the guests come here to stay, that is at least what we hear…If they stay at a hotel with a reception then there is no time for talk, private talk. We have time for that here, and we would lose that if we were to have more guests. We cannot cope with it and we do not have the age for it either. Had we been younger, then maybe we could have managed and expanded with additional rooms, but we don't have the age for it. And our guests are very pleased with the contact which they have with us and that is why we are not to have any more quests (Interview C, 05:45)

Taking into account the risks (i.e. quitting nursing job), investments (i.e. time and money) put into Oasen and the development it has gone through in terms of size, number of customers and turnover since 1996, Anni and Troels can be categorised as entrepreneurial in their ventures; risk willing, adventurous, and with economic growth as a business motive and success criteria. However, Anni points to their age as a factor that puts a definitive constraint on future growth initiatives. Even more so, small for the sake of smallness also keeps the firm from getting any bigger. The personal contact that Anni offers her guests is an essential part of Oasen's product and service; essential both for the guests but most definitely also for Anni, as it is a reflection of the interest and personal satisfaction she gets from being in contact with all kinds of people. She would not be able to provide this if she were to tend to additional guests.

8.2 Bed & Breakfast at Inger Mirasola

Inger Mirasola runs a B&B in the centre of Viborg. The B&B is open for business year round. She has owned and managed the B&B for 6 years. Actually Anni and Inger are more or less neighbours. Inger is in her early 60s and owns the small apartment building in which she lives. She rents out four of the building's apartments for B&B (11 beds total) and serves breakfast in her own apartment for those who wish to buy this service. The apartments are all equipped with TVs and have kitchen facilities, so some guest make their own breakfast. Many business people stay at the B&B, but also leisure tourist in the weekends and during the summer season. Inger is a vegetarian and very conscious about what she eats. This is also a way of life that is reflected in the breakfast she serves for her guests; homemade organic bread, freshly squeezed juice, smoothies etc. Inger has one part time employee who helps with the cleaning and runs the B&B when Inger is out of town.

It was Inger's friends who encouraged her to start the B&B, but she has always been self-employed or head manager of the places she has worked. She is trained as a shopkeeper and has owned and managed a series of firms varying from café, to a clothes and fashion store, to buying and renting out real estate. Inger is also a painter and she sells her paintings. For

Inger it is very important to be master in her own house, meaning that she wants to be independent of others, be in charge and decide what is on the agenda.

> (…) I like to have my freedom, to do what I want to do, right? And that you have when you are an artist…(Interview O, 18:48)

Inger is a strong believer in alternative and spiritual approaches to life, meditation, self-development courses and such, and she travels to India to experience Hinduism. As the interview progresses (and as indicated by the quote above), it becomes clear that Inger's main interests are her arts and self-development, not her job as B&B owner. Inger will retire in a few years and has no plans to expand or develop her B&B.

> Due to me having the age I have and because I don't want to have that much to see to. And then I have my painting, and I am out displaying [my paintings] all the time and such thing…so I don't have time that much (Interview O, 14:24)

> If I had been 20 years younger, then I would have expanded (…) but I cannot be bothered with that today. I am a retiree soon. I also want to display my pictures and a like, so I a have to do B&B all the time, then I will not get time to do all other sort of thing (Interview O, 14:45)

Based on Inger's previous business investments she certainly has an entrepreneurial spirit, but age and her increasing desire to pursue her personal interests in arts and self-development drive her away from her B&B in the sense that she seemingly regards the B&B as a supplementary interest and income to that of her creating, displaying and selling her art. Inger thus has no intention or apparent desires to further invest in her B&B. Things are good as they are now. All in all, Inger's lifestyle interests seem to be the key area of focus at this point in her life. This also influences her communication with the guests, as she is not hesitant to comment on her guests' eating habits and ways of life with the purpose of educating in this respect (Interview O, 34:26).

8.3 B&B Klosterpensionen

Sven-Henrik Brandstrup is in his 50s, and he owns and manages the B&B, Klosterpensionen, open year round. Sven-Henrik has a fulltime job as a development consultant at the Central

Region of Denmark where he works with the development of tourism and experience-oriented firms. He describes the B&B as a hobby, something that he enjoys doing in this spare time. The B&B is an old women's institution neighbouring an old monastery in the centre of Viborg. The B&B has been open since 2007 and has 12 beds. The primary segment is business people, but also occasional leisure tourists. The breakfast part of the B&B product is the key selling point according to Sven-Henrik (i.e. home made organic bread rolls, fruit, home made pancakes, different kinds of cheese, cold cuts and eggs, along with coffee, tea, juice and milk).

> A bed you can find anywhere. It is the breakfast that makes it special (Interview G, 19:46)

As a result, the rates for an overnight stay at Klosterpensionen is a bit higher than e.g. at Oasen and Inger Mirasola's B&B. During the interview is becomes clear that Sven-Henrik puts a lot of resources into this breakfast; it is his trademark and a result of his personal interest and passion for cooking (Interview G, 28:12). If Sven-Henrik does not have enough beds, he sends his guest to others who rent out rooms but they return in the morning to eat his breakfast. On a daily basis Sven-Henrik has no help in running the B&B. He argues that if he were to hire someone the business would not be lucrative. And as he says, running the B&B is what makes him happy (Interview G, 05:47).

The motive to start the B&B arose when Sven-Henrik saw that the old women's institution was for sale and he simply thought that its location was perfect for a B&B and too good an opportunity to pass. When he bought the house in 2003 he began an extensive renovation, and opened the B&B in 2007. Overall Klosterpensionen has experienced and increase in revenue during its four years of existence, but as long as Sven-Henrik has a fulltime job, he regards the B&B as his hobby. However, when he retires he plans to run the B&B 'to have something to do' (Interview G, 08:49), probably on a fulltime basis. Specifically, the future plans include renovating the rest of the house with the purpose of selling more overnight stays and increasing the turnover. Moreover, Sven-Henrik intends to contact different companies to make specific agreements for overnight stays, to establish a regular clientele.

Klosterpensionen is driven by a passionate person who is dedicated to giving his guests high-end service. Although opening a B&B may not have been something that Sven-Henrik has dreamt about for years, the B&B appears to create an outlet for many of the things he enjoys doing and is deeply passionate about, including renovating the house, cooking, providing good service, which he argues is short in supply in Denmark. He thus consistently and consciously aims to contribute to a market he thinks needs a lift in terms of professionalism.

8.4 Søgarden Whisky Shop, Atelier and B&B

Astrid Holmriis owns a series, or rather a portfolio (Pasanen 2003), of businesses that are owner-managed from her and her husband, Niels' home in the small peripheral hamlet of Lee, 20 km east of Viborg. They are open for business year round, but the shop is only open a few days a week or by appointment. They are both in their 50s. Niels has a fulltime job, but enjoys helping when he has the time and supports Astrid completely in her business ventures. Astrid is a trained commercial artist and when she had given birth to her third child (out of four) 19 years ago in 1992 she decided to open her own drawing office. She wanted to be in charge of her work assignments and daily routines, have additional time with the children, but another key factor was that she thought that her home environment was a wonderful place to be and work. Søgaarden is situated in beautiful scenic peripheral surroundings. The Whisky Shop sells whisky, spirits, and other lifestyle and quality products, such as arts and crafts, design and delicacies.

> The Whisky Shop started after I did a design for a whisky company, a packaging design, and that is how the interest for whisky came about, and the fact that we had a whisky tasting and that they [the whisky company] were in need of a distributor. And when you are an entrepreneur and a fireball then you can manage it all and then you say: 'I can be in charge of that and make the logos', so that is how it started. It is kind of grassroot-like, it started as an idea and then it kind of went off in one direction, so it is idealism, and then we were in charge of the sales of the whisky at a whisky tasting and slowly we have expanded the shop from having 10 bottles here in the living room to having 130 different kinds of whiskies in the shop which we opened in 2000 (Interview N, 02:13)

As the quote says, the Whisky Shop was a direct result of the contacts and job assignments Astrid made as a self-employed commercial artist. Moreover, she describes herself as a passionate entrepreneur and it seems that she has this inner urge to pursue an opportunity. In relation to the Whisky Shop, Astrid expanded with a web shop in 2010.

The B&B is a part of Niels and Astrid's private house and comprises two single and two double rooms (7-8 beds total) with free internet access and television. The B&B started in 2008 and was also an effect of existing businesses activities, as whisky tasting guests asking Astrid if she offered accommodation. The breakfast served is primarily based on organic goods that are sold in the shop, the bread is homemade, and emphasis is on quality and a high level of service. The overall concept of the B&B is to provide 'more than just a bed', and rather a complete experience; something to taste, feel, and look at in calm surroundings. In the atelier, Astrid paints, sews, and does wickerwork, which the shop customers and B&B guests enjoy looking at. Astrid furthermore argues that it is a huge benefit for her business that the B&B, the shop and the atelier complement each other and give the customers a complete experience.

> Had we only had the Whisky Shop out here, then we would have had a difficult time surviving. Consequently, because we have different business activities we are able to survive in this time of crisis [the financial crisis] (Interview N, 20:47)

This statement points to the potential challenges of running a business, or rather businesses in peripheral areas. For instance, during financial crises people may not spend money on a Sunday drive and drinking coffee in the countryside (Interview N, 01:01:52). Thus having more than one business activity to depend upon makes it easier to service. A new business venture is production of flat caps, which she aims to sell in the shop.

Along side the different business activities, Astrid has over the years supplemented the family's income with substitute teaching jobs, but such jobs are currently difficult to find due to the financial crisis and general cutbacks in the private and public sectors. However, these jobs were not purely taken as an additional source of income:

> I have also taught at a nature school (…) so I like to get out and spar with other people, get some feedback and then come home and be in charge here (Interview N, 06:05)

Thus the mere contact with other people in terms of personal and business development is important for Astrid in her life as self-employed, and this is reflected in the fact that she is the initiator and driving force in a series of networks for women, which will discussed in the following chapter. Nonetheless, Astrid finds it difficult and very hard work to survive at the moment because there is not enough work for at fulltime position even though she has different business activities to draw on. In the search for an additional income source, Astrid and Niels have talked about taking in a foster child every other weekend (Interview N, 01:12:06).

Astrid makes no secret of the fact that she would like her business to prosper in terms of customers and sales. When asked if she has wishes or plans to expand, she says:

> Then it is neither cosy nor fun anymore, is it? It is al about putting you soul into it, so when you ask about expanding the business, what do I actually want? It is not a million Danish Kroner or to travel abroad, no it is the local which we want. Because if I really wanted to expand, if I for instance built an annexe with four room maybe I could have it fully booked at times, but it would not be our private home which the guests would come and stay in (…) Then they would not come here to eat with Astrid and Niels (…) When I am asked if I would like a shop in town [Viborg] then I think, 'no', because then it is not a private shop (Interview N, 39:35, 40:30)

Inviting people into their home and into their lives appears to be an important aspect of their business concept. The notion of being a small private firm seems important because it allows Astrid to provide the personal service and attention she wishes to give her guests and customers, e.g. the conversation and company she offers her B&B guests and the personal touch she adds to her e-mails and newsletters by writing e.g. 'with love' and 'dear customers, friends, and guests of the house' (Interview N, 01:05:46). Even so, as Astrid points out, providing this personal touch is resource and time demanding on a personal level because she always has to be happy and service-minded no matter what, just as she has to take care of all the small things that need to be done. She views herself as identical with her firm(s), and says that she would lose a bit of her personality if she was not to run the shop, B&B etc. (Interview N, 01:06:46). Additionally, there seems to be a conflict between Astrid's entrepreneurial spirit and the personal service she aims to provide, especially concerning the B&B.

> …but I [again referring to herself as being the firm] am not to get any bigger. Yes, well I would like (…) such a big wooden tub…But we cannot do that right now. If there were many guests that would come and stay overnight then we should have a couple of more rooms. We dream of building a little cabin…maybe we could also find space for it on our land. But then there are people who say that that is not what we stand for, it is not many guests and many overnight stays. It is to come inside and live in the building [the private home of Astrid and Niels]. It is no use if you rent the neighbour's house, then you lose that charm, so I guess it cannot be any differently that it is now (Interview N, 01:08:39)

As illustrated by the quote, Alice is facing a dilemma between her urge to develop and initiate new growth possibilities and the acknowledgement that she has to stay small and focused to be able to provide and maintain the product and services she views as essential in ensuring that her business venture is fun and giving on a personal level as well as on a customer level.

8.5 Butik Remme and Hjarbæk B&B

Arne Jensen has a fulltime job as area manager of day-care offers in the municipality of Viborg and Hannah Remme is an interior decorator. The two are husband and wife and in their 50s. Butik Remme started as a web shop about 12 years ago, a business Hannah ran in addition to her job as interior decorator. In the search for a location where they could showcase and sell their products, Arne and Hannah found a house in the peripheral hamlet Hjarbæk situated at the southern end of Hjarbæk Fjord, and have lived there for 5 ½ years now. Butik Remme is a shop that, according to the web site, 'sells luxury things for everyday life', such as brand name English porcelain, Polish quality stone ware, New Zealand specialities, garden items (i.e. bird house, crocks etc), high-end and unique art and craft and interior design objects. The shop is open Friday, weekends and holidays. Value for money with emphasis on quality is the basic idea behind the goods that they sell, both on-line and in their physical shop. Not only did Arne and Hannah open a physical shop to complement their web shop 5½ year ago, they also started up a small B&B, and providing high-end service is an essential part of running both the shop and B&B. Arne and Hannah do not have paid employees, but a friend helps out when it is busy and when they need a fresh pair of eyes on the presentation of the objects in the physical shop.

What has motivated Hannah to become self-employed is that she can be 100% in charge, calling all the shots and setting the agenda. For Arne, it is more about nursing his love of haggling and making a good deal (Interview J, 07:29 – 07:56). Hannah's mother ran a B&B when Hannah was a young girl, and Hannah had always said that it was not something she wanted to do, 'all that work and trouble with strangers' (Interview J, 02:08). Nonetheless, the couple started playing with the idea when they stayed at B&Bs in Scotland and Australia. The opportunity to explore the idea further arose as Arne and Hannah moved into a house in Hjarbæk with enough rooms for a B&B. A key point for Arne and Hannah is that their house is constructed in such as way that the guests do not enter the more private areas (e.g. living room) of the house unless Arne and Hannah invite them.

> So we have had some crazy experiences, which we never would have had otherwise. We have gotten information on how people live in Rome and well information about more or less people from all over the worlds…So that is kind of a great experience we have had. For instance we had some Italians stay and we ended up talking about Italian and Danish conditions and a like until the middle of the afternoon, and that was really exciting (Interview J, 03:09)

However, as suggested by the quote, it seems that having conversations, getting to know the visitors is a rewarding aspect of people living so close to Arne and Hannah's private sphere. The B&B rooms have no television, but there are different books and a great view, the point being to create a relaxing atmosphere.

Arne describes them as being very conscious about ecology, sustainability, and societal issues, and that the way they run their business along with the products they sell is a reflection of their fundamental beliefs (Interview J, 26:41 – 27:01). The way they run their business is a lifestyle, and the way they are, their personalities, characterises their firm (Interview J, 01:03:42). Along side their firm and Arne's fulltime job they have always initiated and partaken in different networks and activities, which will be discussed in the following chapters in more detail. According to Arne this characterises them as entrepreneurs in the sense that they 'are enthusiastic about an idea and that others may come and take over at some point in time' (Interview J, 01:06:00), referring to the fact that they view themselves as initiators and facilitators of new ideas.

The visitors at the B&B and the shop belong to the 40+ with no children segment and one-day tourists passing through or staying at the camping site a few kilometres away. Many of their B&B guests are people that re-visit year after year. The combination of the shop and the B&B is recognised as especially beneficial. B&B guests definitely visit the shop and most of them buy something, plus it adds to Arne and Hannah's concept of providing more than just a bed.

Ideally, the couple would like to be able to live off the revenue from the shop and the B&B but due to their geographical location and thus customer segment this is not a possibility. Furthermore, larger Danish cities such as Aarhus, Aalborg, Copenhagen or Odense would be the place to settle if that was their aim (Interview J, 27:46). However, the prospects of (moving and) expanding the present shop and B&B are not a part of their future plans[26].

> I: Do you think that you will move to a bigger town and open a larger shop?
> H: No…
> A: We are about 10 years too old for that.
> I: You think so?
> A: That is really spoken from the heart.
> H: Compared to the number of years we have left on the job market and other things we would like to do, and…well, I would like to say that throughout the years where we have had the shop and worked every weekend, that is on the expense of family life, so that we cannot simply set aside. So, at some point in time we have to think about such things.

[26] I is the interview, H the female owner and A the male owner.

> A: (…) If we had been where we are now with the shop and everything 10 years ago, then there would be no doubt that we would have gone out and done something (…)….but we are not going to. When I am 70 I am not supposed to sit her and slog away with this kind of thing, then you are supposed to have a good time.
> I: But do you regard this [the shop and B&B] as something you would like spend you time on when you retire?
> A: That is the point. The way we live, well there would be really good life-contents in still having the shop and the B&B (…). All along we have had that as a goal, so maybe one day when I suddenly feel like taking an early retirement, then… (Interview J, 01:08:31 – 01:09:56)

The main point is that expanding the shop and B&B is not an option, primarily due to their age. However, owning and managing the shop (incl. web shop) and the B&B seems to create a comfort in the sense that it ensures the couple, especially Arne, that they have something to do when they retire. Arne adds: 'I don't know, I think I would become intolerable if I did [not have any thing to do]'; a notion Hannah quickly agrees with. However, looking at Hannah's response, she may feel some guilt about having spent all their free time on their business all these years, possible bypassing family obligations.

8.6 Hjarbæk Kro

Husband and wife Erland 'Nalle' and Jannie Pedersen are in their late 50s and own and manage Hjarbæk Kro (inn) in peripheral hamlet Hjarbæk at the southern end of Hjarbæk Fjord. The inn is open for business almost all year around, except a couple of months during the low season in the winter, where Jannie and Nalle take a vacation and recharge for the coming season. Only Jannie took part in the interview as Nalle was busy in the kitchen preparing for an event in the evening. Hjarbæk Kro is next door to Butik Remme and Hjarbæk B&B introduced above. Hjarbæk Ravsliberi, which will be introduced later, is located a few meters up the road. Hjarbæk Kro is a traditional Danish inn, according to its website characterised by the use of fresh, and to the extent possible local, ingredients in its cooking, good service and a cosy atmosphere. The restaurant has room for 70 guests, there is a small bar area, and a patio facing the fjord. The patio can seat 60 people (summertime). In addition to Erland and Jannie, there are two fulltime employees and a couple of young workers employed on an hourly basis. Their daughter lends a hand during the weekend if necessary. However, the overall employee set-up is about to change as their son, who also is a chef, and his wife are moving to Hjarbæk with the intent to work at the inn, and eventually take over if they still want to when the time comes. Many locals visit the inn and in the low season and are the inn's primary source of income. Jannie estimates that tourists contribute about 40% of the total revenue. In the high season families with children visit and in the shoulder seasons mature couples use the inn. Jannie says that they have experienced a decrease in the number of foreign tourists the last couple of years, but this does not affect them as such, since they are so busy that they have a hard time keeping up. In addition, time is a limited resource, and what tasks to do first constantly is a question of prioritising (i.e. reservations, enquiries); there is little time for what is viewed as secondary tasks, e.g. reading newsletters or attending network meetings (Interview K, 39:19).

Nalle is trained as a chef and Janni is trained as a shopkeeper. They have owned and managed the inn since 2005. However, they have been self-employed since 1990 and have owned and managed a series of firms; a motel, a cafeteria and a couple of restaurant and a cantina in Viborg town. Janni says that it initially was Erland who wanted to become self-employed, be in charge of his own place. Being self-employed has not always been a goal of theirs, but they really enjoy working together.

Nalle and Jannie have no plans to expand the inn, primarily due to their age, they do not want to use they energy on rebuilding the place since things are running just fine as they are now. Nonetheless, they do see the possibilities and the opportunities in expanding and developing the inn.

> (…) of course we have forward-looking thoughts, but not for ourselves in that sense or how to put it? It is not going to be my husband and I that will do this [expand the inn]. That is for sure (Interview K, 46:05)

At the time of the interview (February 2011) Nalle and Jannie were in the process of buying the old house next to the inn, specifically to give their son and his wife the opportunity to expand the inn with an additional building. Thus, it can be argued that Nalle and Jannie have explored and pursued different business opportunities that have come their way. Moreover, as the quote above illustrates they still pursue an opportunity when they see one, reflected in the fact that they have bought the house next door, just in case their son and daughter-in-law would like to expand the inn. Similarly, it became clear during the interview that it is not ideas for future possible development of the inn that Jannie and Nalle lack, (i.e. building a roof terrace and a big reception room, Interview K, 45:10), it is merely the resources and energy to start over.

8.7 Kongenshus Kro & Hotel

Pernille Rasmussen is in her early 30s and for the last 4 years she has owned and managed Kongenshus Kro & Hotel which has a restaurant section and a hotel section, both open year round. The restaurant seats 150 people and the hotel has 8 rooms. Furthermore, Pernille runs a jam production company on the side, 'Pernilles Roots'[27], and the jam is sold in twelve stores around Denmark. Kongenhus Kro & Hotel is located about 25 kilometres from Viborg, and next to the Memorial Park at Kongenhus, which is 1200 hectares of uncultivated moor. Pernille is a strong believer in ecology and sustainable; beliefs that are strongly reflected in the products she offers. The concept behind both firms is that they provide high-end products that are based on Danish organic products of the best possible quality. The restaurant follows the concept of slow food[28] and generally Kongenshus Kro and hotel aim for a relaxing atmosphere and for example there are no televisions in the hotel rooms and that the food served in the restaurant follows the slow food concept.

Pernille is a trained chef and waiter, and has travelled and worked all over the world. She became self-employed 8 years ago when she opened a small restaurant in Herning. Pernille argues that she has a need to develop and keep on developing; she says she has always been an entrepreneur (Interview H, 27:30).

[27] Own translation (Pernilles Rødder)
[28] Slow Food is an international movement founded by Carlo Petrini in 1986. Promoted as an alternative to fast food, it strives to preserve traditional and regional cuisine and encourages farming of plants, seeds and livestock characteristic of the local ecosystem.

> (…) there are many who think that, or believe, that it all starts by having a good idea, but that was not actually my approach. My motivation was based on the fact that I became really sad when I saw that there were many things [within the restaurant business] that did not work properly, where I kind of always have known how to make things work (Interview H, 07:19)

For Pernille it almost seems that self-employment is a calling as it gives her the opportunity to change and improve a business area that does not have the best odds in terms of firm lifespan, quality criteria and service levels (Interview H, 00:38). Pernille lives and breathes for the firm and invests a lot of herself and her time in it – maybe even too much, as she is trying to change it so as 'the firm is more Kongenhus Kro & Hotel, rather than 'Pernille'' (Interview H, 14:55).

During the years where Pernille has owned and managed Kongenhus, she has experienced an increase in income even though a key customer segment has decreased significantly due to the financial crises, i.e. weddings (from 30 to 8 wedding a year). In her search for new business opportunities, Pernille has begun contacting larger firms and selling Kongenhus as a perfect venue for strategy development seminars etc. She is also contacting bus companies and travel agencies to bring additional tourists to the area. When asked if it is a goal to expand Kongenhus Kro & Hotel Pernille says:

> Yes it is. You may say that you have a goal, and I have reached by goal many many times, but now it is more the process, it is the process that turns me on. The fact that we continuously can keep on developing things and that we can make even more people happy and satisfied etc. So I do not have a goal in terms of economic growth. I do not have a specific goal related to how many work hours I want to put into my work etc. I have a goal relating to balance, to how we make things work in such a way that we are all happy, employees, guest and a like, right? And then it becomes a profitable business (Interview H, 15:57)

There is no doubt that Pernille enjoys being in charge, setting the agenda and making things run smoothly and successfully, but as the quote illustrates, her primarily goal it to create a healthy balance in terms of employee and guest satisfaction, and at the same time live up to the values that are to imbue the intended experience of Kongenshus Kro & Hotel (i.e. high-end, quality, ecology, sustainability, local produce). Pernille is process-oriented versus result-oriented, but still has an eye for when it is necessary to change focus (i.e. finding new customer segments) and be at the forefront; a combination that indeed may be argued to have contributed to her success. In terms of expanding the hotel physically, there are plans to build 8 additional rooms to cater to the accommodation needs when seminars and conferences are held at the venue.

8.8 Den Gamle Biograf

Den Gamle Biograf is actually two shops; one in the small town of Bjerringbro and one in the small town of Kjellerup. The interview was carried out in the Kjellerup shop, the primary of the two and an actual old cinema, thus the name of the business.[29] Both shops are open year round. Carla Christensen is in her 50s and has owned and managed Den Gamle Biograf for 5 years. Carla's daughter is the daily manager of the Bjerringbro shop, and Carla's husband, Freddy, lends a hand when he gets off work, just as other family members (sisters-in-law, brothers-in-law) help out when Carla is hosting events. Between them the shops have five employees including Carla, but not all are fulltime. Carla's own daughter is the employee who is trained as a shopkeeper; two are bachelors in social education and one is trained as kitchen assistant. All the women employed are outgoing and either very active in the local community or have a creative outlet.

According to Carla, Den Gamle Biograf is an experience shop selling spirits, wine, candles, chocolate, art and crafts, glass art, ceramics etc. The main shop also has a café where Carla hosts story telling events about the local areas and about her life as a self-employed business woman. When people enter Carla's shop the goal is to stimulate all the senses by e.g. the scent of freshly baked bread, freshly brewed coffee, and the sound of relaxing fønix music[30]. Carla explains that this helps create a comfortable setting aimed to make her

[29] In terms of sample selection criteria there is a special condition relating to Den gamle biograf, as one of the shops is situated within the municipality of Viborg and one within the municipality of Skive. However, Carla uses both municipalities in her marketing effort (i.e. the tourism offices), and the shop that is not within the municipality of Viborg is located on the border of the municipality.
[30] Fønix music is music used for meditation.

customers feel safe and relaxed. Moreover, the shop is filled with objects that the customers may look at and touch. Many locals visit Carla's shop, especially residents from the local psychiatric housing projects find great comfort and even personal development in visiting the shop. Moreover, tourists passing through on their own visit the shop, along with bus companies that bring busloads of mostly senior tourists.

Carla is trained as an interior decorator and has worked as a decorator for many years before she became self-employed. Originally she is from the southern region of Denmark but moved to the central region of Denmark 27 year ago and married Freddy, who works fulltime in construction. According to Carla she was tired of being known as 'Freddy's wife' or 'the children's mother' in Kjellerup. To make a name for herself locally, she started up a small candle factory which she ran along side her fulltime job. Then the shop across the street became vacant; Carla and her husband rented that as well and started yet another business activity, 'Festbutikken', where they sold table arrangement for parties along with arts and crafts. However, the two shops did not turn enough profit to live off. In 2006 the old cinema in Kjellerup was shut down and Carla saw an opportunity. She was able to lease the cinema from the municipality for a ten year period and thus became a fulltime self-employed businesswoman.

Carla's future goals for Den Gamle Biograf is to become more known and prosper financially:

> (…) if you do not earn any money, then suddenly you have lost your spark, and I think that many tourist businesses experience that. If the work that you do, i.e. give people experiences, does not pay off financially, then suddenly one day you feel that the flame is getting smaller and smaller, despite the fact that you put up a fight (Interview I, 21:27)

As things are now, there are no salary earnings for Carla, nor money to invest in marketing, which that Carla feels is necessary to prosper (Interview I, 13:23). The business is not thriving as she had hoped, and Carla seems to be losing the will and passion that according to herself are needed if she is to succeed (Interview I, 29:46). Moreover, running such a business is a lifestyle and staying motivated is often a matter of willing hands makes light work. Carla is deeply invested in her local community and along side Den Gamle Biograf Carla, in collaboration with the local development council (of Bjerringbro), also provides tourism information services for Kjellerup. She serves as a local tourism information bureau because she is not satisfied with the municipal information and marketing services. She indicates that the outskirts are not prioritised as a part of the total tourist experience. A full description of other network activities she participates in is given in the following chapters. However, it generally seems that Carla is driven by the development of her own local area in many of the things she does, and of course by the wish to survive and obtain economic growth as a business owner.

8.9 Viskum Snaps & Blomsterværksstedet Over Viskum

Birthe Lagdefoged is in her 50s; she has a bachelor in social education, and was trained as a flower arranger in 1980 and started a flower (work)shop in 1981, a business she has owned and managed ever since. Parallel with the flower shop, she started a snaps production company about 15 years ago. Birthe's workshop and snaps production is open all year and is located in the old renovated farm building where she and her husband live, in the countryside a 10 minute drive from Viborg. Birthe has two employees, one full-time and one part-time. Moreover, her husband lends a hand with more practical things when he gets off work and her son who is a graphic designer and has his own graphic and web design firm helps with the website and the labels for her snaps bottles. When Birthe's parents were younger they also helped out. Birthe argues that her family's support has been essential (Interview Q, 41:15).

Birthe describes herself as very outgoing and quick to catch on to new ideas. The motives behind her venture as self-employed can be traced back to the birth of her son. She simply wanted to take care of her own child at home, so that is one of her key motives (Interview Q, 02:51). Other key motives were as she explains in the following quote:

> Well it is because I think it is interesting to shape my own everyday life and furthermore, it is a wonderful place in which we live. So that is primarily reason as to why I do this. It is because I simply can

> walk out the door and work with the things that I find, and use them in my decorations and now, also in my snaps (…) and the contact with the local area and the local trade (Interview Q, 02:51)

Shaping her own workday was a key motivational factor for Birthe to start her own business as well as the possibilities that her local nature provides. Additionally, the contact with the local community is important, later ascribed to the fact that local businesses support and help each other and thus develop the local area. From a more practical point of view, Birthe argues that she saves valuable time and often money by using local suppliers (i.e. does not have to spend time and money travelling to Copenhagen to e.g. look at new packaging designs for her snaps) (Interview Q, 34:54). Birthe and many of her colleagues (i.e. other tourism and food related firms) are oriented toward both local sales and sales to tourist, and even sales abroad as a strategy to keep up the sales and survive (Interview Q, 28:15). However, Birthe did not start her firm with the objective to attract tourism to the area and her shop in particular. It was not until 12-15 years ago that actively Birthe started widening her customer segment to companies, associations, tourist coaches and alike by offering courses, workshops, lectures, and demonstrations of how to make flower arrangements and (now) snaps. According to Birthe she was inspired to start the snaps production 10 year ago due to tourists' inquiries and demand.

Birthe's business, especially the snaps production, is expanding rapidly at the moment, so much so that she has had to withdraw herself from Viborg tourism association of which she has been a member the last 10 years (Interview Q, 09:34). However, Birthe regards the increased product demand as a positive thing and welcomes it. The downside of being so busy is that she has a hard time getting things done due to limited time resources:

> (…) It is a small business (…) and I have to be involved in it all. I am both fortunate and unfortunate, because I have to take care of all the different processes; give lectures and talks, go out and sell my products, make contact with new customers, make new recipes. I have to do all these tings and at the same time activate my personnel (Interview Q, 34:23)

Time is one of the most valuable resources for Birthe, and doing one task takes time away from doing something else that she also has to do.

Finally, a major challenge to Birthe as owner and manager of a tourism-oriented firm is that she does not feel that the public tourism actors do enough to promote the areas outside the town of Viborg. Birthe is an enterprising business woman devoted to developing her own firm but also her local community. For instance, she sits on several boards in tourism-related networks and as later analysis illustrates, dissatisfaction with tourism marketing initiatives by local authorities has driven her to engage in private marketing initiative.

8.10 Hjarbæk Ravsliberi

Hans Heinrich Marxsen is in his 40s and has owned and managed the small amber cutter's workshop, Hjarbæk Ravsliberi, for the last 14 years. His father and a couple of friends help out if he has a couple of days off or need to set up tables etc for when groups of tourist come to visit the (work)shop. As described in some of the previous firm presentations, Hjarbæk is a small hamlet situated at the southern end of Hjarbæk Fjord. Hans primarily produces jewellery, including unique pieces where he combines different materials (i.e. amber, jade, mammoth tooth, combined with e.g. gold and silver imprints of snakeskin, fish skin, or the peel of a melon). The latter is a durable process because Hans has invested in a casting cabinet (støbekabinet) so he can make all pieces from scratch, instead of buying pre-made parts or having a wax model casted somewhere else, which according to Hans many other artists in his line of work do (Interview P, 33:52). A more recent addition to his products are cupboard handles. Hans also offers events for a minimum of 10 people where he talks about amber, shows how he works with the amber, and serves cake and coffee in his courtyard as a part of the experience. The workshop is open for visitors from about Easter time till late august. About three months a year Hans lives in Bergen, Norway with his girlfriend. When he is in Bergen he helps a few local artists with their casting as they have come to a halt, and he attends a few to attract more Norwegian tourists to Hjarbæk. The remaining months he prepares for the Danish summer season and does different casting jobs, e.g. creating emblems for firms (e.g. the coaching firm Pathfinder) or other commissioned work. Hans is very conscious about the fact that his firm not only appeals to tourists visiting the Hjarbæk-area but also other customer segments.

(…) Time is short and it is not all year round that we have tourists, and then you have to push yourself. It may be dearly bought to be inactive, and I think it is at that time you have to be proactive (…) (Interview P, 41:54)

Another key point of Hans' is that tourism firms have to be proactive in the more dormant tourist months when it comes to maintaining and attracting new tourists. This is very important to him and he is not satisfied with VisitViborg's efforts in this context.

Hans has had a military career but it ended after an accident in 1997 from which he never physically recovered 100% (Interview P, 15:31). Since Hans was a young boy he has had an interest in amber (his father taught him about amber), and started as a self-taught amber cutter 17 year ago (i.e. 3 years before his accident). As a result of his reduced ability to work he decided to pursue this interest professionally and opened the cutter's shop. Amber cutting is a dying trade and the market for amber is declining, and Hans argues that if you want to survive you have to be very dedicated and passionate about your work (Interview P). Hans would like to sell more of his products and have a larger turnover, but his physical health sets a natural limit to how much he can produce before he starts experiencing pains. Nonetheless, he does plan to invest in a new (expensive) oven for heating up the amber.[31] Moreover, as will de highlighted in the following chapters, Hans is proactive in taking initiatives to attract additional tourists and develop as an artist. Hjarbæk Ravsliberi can be said to build on a personal interest and hobby that due to unforeseen events transformed into a professional business venture in which Hans invests a lot of time and effort.

8.11 Glaspusteriet

Glaspusteriet is a small glasshouse in the centre of Viborg town, open year round. It is owned and managed by Tina Lofstad Jensen, who is in her early 30s. At the glasshouse it is possible to buy Tina's glasswork, just as locals and tourists may see how the glass is blown. However, the latter is far from a key event or concept. Tina is a trained glassblower and

[31] Amber reacts to heat, and a variety of colours and structures can be obtained as a result.

started her shop 7 years ago. She has four employees that, however, in man-hours altogether do not amount to a full time position. Besides selling her own glasswork, Tina sells ceramics by two other (external) artists. She offers events where she tells about the history of glass and shows how she works with the glass. At these closed events (i.e. for associations, stag and hen nights, companies) it is also possible for the guests to try their hand at glassblowing. For Tina, starting her own shop and workshop was a natural step in being a professional glassblower.

> Yes, well it is kind of a natural step when you are a glassblower, I would say, because if you want to blow your own designs, then you usually open a glasshouse yourself (Interview E, 19:14)

The quote suggests that the key motivators for her are setting the agenda, being her own boss in terms of what she produces, a challenging workday and a creative outlet. Tina's business is not thriving and she blames the economic crisis as a strong factor in recent years' negative sales. Whereas people could easily spend money on a glass vase before the crisis, this is, according to Tina, a good that often is cut down now. About two years ago (2009) she found it necessary to take a cleaning job as an additional source of income, and at the time of the interview (February 2011) she was considering applying for a supplementary job as a personal assistant for a handicapped person so as be more comfortable economically, arguing that:

> It is fun to blow glass, but damn it is strenuous to be so poor all the time (Interview E, 03:42)

She further notes that a cash welfare benefit recipient has more money than she earns, and that it is due to her stubbornness that the firm still is running (Interview E, 04:50).

Tina argues that it indeed is the local population of the municipality that visits her shop, estimating that about 10% of her sales can be ascribed to tourists, especially Norwegians. Tina's work experience as a glassblower includes her working at a glasswork with glassblowing as a tourist attraction. Despite the fact that her former place of employment earned at lot of money off tourism, Tina decided that this was not the direction she wanted to take with her shop.

> (…) everyone wanted to be entertained (…) I could easily be alone an entire day (..) and first of all you more or less had to sit an eat your lunch while 200 people were watching, waiting for me to finish, my lunch being commented on by small children. It was horrible! And when I was blowing glass there were also customers that wanted to make a purchase, and when I was servicing them people were asking when I would start blowing again (…) It was horrible! And then it also becomes such 'touristy things' that you blow…really, I made like 3000 birds a year up there (Interview E, 08:05). (…) Thinking that this is not why I had gotten my education. I need to challenge myself or else it becomes boring and I come to a halt (Interview E, 09:04)

Prior experience with a specific tourism-oriented glasshouse seems to have intimidated Tina from attracting too many tourists to her shop. Moreover, as suggested earlier, it is her passion for the art of glassblowing that drives her in her business venture, the freedom to be creative and be in charge of her own work life. Based on Tina's own perception, her shop may not be a specifically tourism-oriented shop. Nonetheless, tourists do visit her shop and see her work, and the shop is a part of the total tourist experience that the municipality of Viborg has to offer (things to see, things to buy). Furthermore, Tina exhibits and sells her glasswork on commission at other shops and tourist attractions (e.g. Spøttrup Borg, Hjerl Hede, Hobro Gasmuseum).

At the time of the interview, Tina was in the process of establishing a web shop (not yet open, May 2011). Increased turnover it a goal and Tina knows that it will not happen if she is not proactive and that she will not survive in the long run if things stay the same. However, she does not make use of local authorities business development offers, instead she contacts new places that might sell her products and seeks advice and inspiration from an acquaintance who works professionally with 'getting firms back on track'. In terms of expanding the firm Tina has two scenarios: (1) Despite the lack of space, keep her current shop and try to increase her sales, e.g. via a web shop, and find at least one new place for sale a year. She has a string of possible partnerships, for instance with quality product producers in the area. (2) Invest in a new and bigger workshop; raise the stakes and hire a team to produce more pieces. However, this plan is not relevant at the moment due to monetary resources and customer base.

8.12 Hjarbæk Fjord Camping

Hjarbæk Fjord Camping site has about 250 slots and 6 cabins which they rent out. The camping site also has a small petting zoo, a moon car track, three jumping pillows, and a playground among other tings. The site has a beautiful view of Hjarbæk Fjord and is located a 15 minute walk from the small hamlet Hjarbæk, cf. e.g. section 8.10. Since 2008 the campsite has been owned and managed by the couple Lone Gad Rasmussen and Morten Noerbo, who are in their 40s. The camping site is open from April to November, and closed during the winter months. During the winter the couple is busy preparing for the next season, e.g. doing renovation and attending travel fairs. Even though the couple is busy running the camping site all year round, an additional income is necessary and Lone has three additional jobs as on-call worker. During the summer high season, an elderly couple helps out in the camping site's small convenience store and fixes things around the site. They hire cleaning assistance during the high season. The primary guests are families with children and 40 + couples with no children. Morten has no formal education but he has extensive practical experience in construction. Lone is a bachelor in social education, she was head of a day care institution, and until 2007 she had a municipal management position.

The couple had several motives for becoming self-employed camping site owners. First of all they have renovated two houses together and experienced that they 'really enjoyed working together as a team', 'it was fun', and they wanted to 'spend more time together' (Interview F). Moreover, the structural reform of Danish sub-national government in 2007 which redistributed tasks between the regional and local levels affected Lone, who at that time had a municipal management position. As Lone explains it, she did not like the thought of top-down control and as a result she no longer enjoyed putting the same amount of hours into her work. The idea of a camping site was compelling because it appealed to Morten's knack for craftsmanship and Lone's people and management skills.

When Morten and Lone bought the camping site 4 years ago it was, according to Lone, run down and needed to be renovated (Interview F, 06:32). Since they opened up the camping site (as Hjarbæk Fjord Camping, they added *Fjord* to emphasise that the site is near water) the number of guests has increased from year to year. From 2009 to 2010 they experienced a 20% increase in overnight stays (Interview F, 03:33). In November 2010 the municipality of Viborg granted Lone and Morten permission to expand the camping site with 45 slots, all overlooking the fjord. 4 of the new slots have been built and are ready for use this season (2011). The couple have no prior knowledge of or relation to the tourism industry but are keen on developing the camping site, making it grow and prosper. Lone has been very active in establishing new tourism-related relations and learn how to develop as a business, making use of public business development offers and joining of boards in tourism-oriented organisations.

8.13 Daugbjerg Kalkgruber

Unlike the other firms introduced in this chapter, which are privately owned, Daugbjerg Kalkgruber is leased, and subjected nature preservation restrictions. Daugbjerg Kalkgruber is a limestone mine and forms one of the largest winter quarters for bats in Europe.[32] The mine is located 16 kilometres west of Viborg. Due to the hibernating bats that live in the mines (about 7000 bats of five different species), Daugbjerg Kalkgruber is only open to the public June to September, and a few days during Easter. The attraction operates under restrictions set forward by the Danish Nature Preservation Association (Naturfredningsforeningen) and settled by The Environmental Board of Appeal (Natur og Miljøklagenævnet) (Miljøministeriet 2011). The main segments visiting the mines are families with children and 40 + with no children. For 27 years Daugbjerg Kalkgruber has been managed by the couple Jonna and Anker Jepsen, who are in their 50s, and before that by Jonna's parents. Thus Daugbjerg Kalkgruber has been a family business for many years as Jonna and Anker, when they got off work and in the weekends, helped Jonna's parents look after the mines. Anker ended up being hired by his parents-in-law, and according to him it was a natural development that

[32] Mønsted Kalkgruber, the other and larger limestone mine of the two, is located very close to Daugbjerg Kalkgruber and a strong competitor.

Jonna and Anker would take over the lease and the mines. During the busy high season Anker and Jonna hire a young girl to help in the café, and this is the only paid employee they have. Otherwise, when things come to a head, their two children lend a hand.

Daugbjerg Kalkgruber is a tourist attraction that lets people explore in mazy mines. The mines also have a museum that exhibits fossils and the tools used for mining limestone back in the day. The mine can also be rented for company events. Additionally, as the there is a fixed temperature in the mine tunnels all year round (8 degrees), the mines own wine, Jens Langkniv's[33] wine, and sausage from the local butcher are stored there. Furthermore, Anker and Jonna rent part of the mines to Thise Dairy, whose cheeses mature in the mines. Anker is hired by Thise Dairy to turn the cheeses once a week. The cheeses are there all year round and Jonna and Anker get paid per cheese that leaves the mines, and this gives them an income during the winter period as well. Jonna and Anker use the wine and cheese to promote the mines at travel fairs and the like. The products are sold in the small shop that pertains to the attraction. However, although the number of guests visiting the mines has been stable throughout the years, the sales of these products have decreased during the last years, and Jonna and Anker blame the financial crisis. However, as will be touched upon in the following chapters, Anker and Jonna are taking action to attract additional guests due to dissatisfaction with VV's current marketing efforts. Furthermore, they have invested in building a large wooden house which they use as a café during the summer season, but rent out the entire year for company parties, confirmations and christening parties etc. However, they use a local caterer to cook for these parties.

Unlike Anker, who has spent all his time on the mines (renovations, turning the cheese, attending travel fairs), Jonna has had to seek an additional source of income.

> I have a supplementary job, yes. That is kind of necessary. It is not a gold mine; it is just a limestone mine (Interview L, 01:53)

[33] The story about Jens Langkniv dates back to the 16th and 17th century where he was outlawed by the King and thus chased by the King's soldier. He supposedly fled to the mines where he hid for about 30 years of his life.

Jonna is trained as a shopkeeper, she has worked in the home care sector and now has a part time cleaning job. She still has time to help with the mines and preparations for the events which are held in the newly built café.

Anker and Jonna only have three years left on their lease on the mines, and they would like to continue leasing and managing the mines, if possible. The woman who owns the mines may want to run them herself, but since Jonna and Anker have expanded their business with a café building, they are somewhat confident that they will manage the mines in the future, even though they are hesitant to confirm this. Jonna and Anker have a list of renovations and improvements they want to do, such as new lights in the mines (current ones are 25 years old and rotting away), new information poster, and sound effects. However, finances are a problem as Jonna argues:

> (…) there are future plans, but it costs the earth. We would not be able to do that at all…maybe apply a fund and get some money in that way…money that are earmarked with that in mind, that would be nice. But we are too little a firm (Interview L, 53:00)

Anker and Jonna have ideas and a vision regarding improvements and new initiatives to make the mines more attractive, but very limited resources and limited executive power due to the ownership of the mines. For instance, in relation to installing new lights in the mines[34]:

> J: (…) We have just applied the owner for new lights for when the season starts, but she does not have the money for that right now. So now we have a problem of course, because we can…we do not want to spend money on that when it [the mines] is not ours. So that gives rise to problems sometimes
> I: Would you like to own the mines?
> J: Yes, indeed we would. But I do not think that we can afford it. But yes, it would make things a lot easier.
> A: Yes, it would be a lot nicer. Then we could do as we please…that is in the daily life, that is [Anker referring to the fact that they always will be subject to certain restriction as the mines and the area around the mines are in an area of special planning control] (Interview L, 54:12 – 54:50)

[34] I is the interviewer, J the female owner, A the male owner.

So even though Jonna and Anker manage the mines they have an expectation, maybe even demand, that the owner contributes financially to renovation projects. Whether this is a fair expectation or not is difficult to say, but as things are now the owner gets a fixed monthly amount no matter how many tourists visit the mines. On the other hand, if there are no lights in the mines, there are most likely no tourists and thus no reason for Anker and Jonna to rent the mines to begin with. Nonetheless, it is apparent that money is a key issue when it comes to the maintenance and marketing of this attraction. As far as collaborative marketing efforts between Daugbjerg Kalkgruber and other tourism firms, Daugbjerg Kalkgrunebr proactively collaborates with destination-actors and actors outside the destination, something that will be discussed in the following chapter.

8.14 Comparing the findings

This last section provides an overview of the STF characteristics identified throughout the chapter, and reviews tendencies, similarities and differences in terms of firm motives, challenges, etc.

Women and couples are the strongest owner-representatives. As far as educational and work backgrounds, the majority can be linked to the service, educational or healthcare sectors which reflect skills, competences, and experiences, i.e. know-how and know-why (cf. chapter 5, section 5.2). These skills contribute to the ability to read the signals of and communicate with customers, providing high standard service, and in some cases give STF-owners specific insight into business economy and business management. In several cases, STF-owners' educational and work backgrounds can be directly linked to the product they offer and practically create (e.g. interior designer, glassblower and flower arranger, amber cutter, chef). In fact, all interviewed STFs in some way use their educational and work backgrounds to run their firms.

The interviewees represent firm-owners in their 30s, 40s, 50s and 60s, the bulk of the interviewees are 50 + and have owned and managed their STF for several years. A couple of the STF-owners have even owned and managed several businesses, according to Pasanen (2003) categorising them as serial entrepreneurs. About a fourth of the interviewed STF-owners are portfolio entrepreneurs (Pasanen 2003) as they have more than one business activity at a time. One has three business activities (4 if you count a small sewing production she has started as well, cf. Interview N). Contrary to e.g. Morrison et al (1999) and Ioannides & Petersen (2003), who propose that some STF-owners regard their STF as a hobby and/or simply an additional and easy source of income during the high season (cf. chapter 3), this is not the general picture that emerges when analysing the interviewed STFs' business motives. Indeed, the vast majority of the interviewed STFs live entirely off the revenue their STFs provide them year round. Only a few of the interviewees view their firm as a hobby or/and supplementary source of income; i.e. they have a primary source of income in the form of a full time job or another primary interest. Interviewee O regards the STF-venture as 'something that is not to take too much of her time'; Interview G and J see their firms as partly a supplementary income but also 'something to do when they retire'. In terms of running their businesses, about half of the interviewees acknowledge that the support and help they receive from friends and primarily family is of great value both in terms of emotional support and practical assistance, indeed as a reflection of the limited financial resources of the firms which does not allow them to hire employees.

The cross-section of STFs agree that the primary motives for becoming self-employed is being your own boss, setting the agenda and shaping you own work day. Especially for firms with creative products (e.g. food, snaps, jewellery and glass art), becoming self-employed seems to be a natural choice to ensure creative freedom. Specifically for the female owners spending more time with the family (i.e. husband, children and grand children) also scores high on the list of motives to become self-employed. Due to the natural surroundings, a few of the interviewees (Interview G, J, N, Q) find a strong motive in working in their home environment; in one case because the environment provides the ingredients and materials needed in the production; in another case, because the STF-owner finds great satisfaction and comfort in the beautiful natural surroundings of the home. Feeling competent, in the sense that STF-owners know what is needed to succeed and wish to make a positive imprint on the industry, is also a motive (Interview G, H) and can be argued to reflect a dedication to the quality of the product and service offered.

Especially in the more peripheral areas of the municipality, contributing to the development of the local community is a motive or rather a valued outcome in the sense that when you make use of, collaborate with and generally refer to other firms in the local community, they (the other local firms, also outside of the tourism industry) are expected to do the same in return. This creates more business activity and thus contributes to a stronger local community, in some cases even promotes local food production (i.e. meat and vegetables) (Interview H, K, Q). Finally, a key condition for business survival mentioned by almost all interviewees is that as a STF-owner one has to be passionate about what one does and generally really want to provide customers with good service; partly because this is how STF-owners by portraying their own personality and passion differentiate their business, partly because resources are often sparse, thus resulting in the fact that it at times, indeed, are willing hands that make light work.

There is consensus among the interviewees that money and especially time are limited resources. Passion, a strong interest and general desire to keep on fighting to survive are critical as the industry is vulnerable and uncertain due to the high and the low season, and especially to recessions (cf. chapter 3, section 3.3). Sparse monetary resources are a characteristic of the STFs interviewed, and many of them have had to, and have or plan to supplement their income with regular wage labour. This is no surprise, because as argued in chapter 3, small business-ownership in combination with additional wage labour in many cases helps the individual firm survive (cf. Carter et al (2004)). When STFs that have multiple simultaneous business activities (portfolio entrepreneurs, cf. Pasanen (2003)) these activities without a doubt complement each other and the sales of one product often spark the sales of the others. Moreover, having different business activities may expand a firm's customer base as different activities may attract different segments, and in time of crisis this can be a direct reason for business survival (Interview J, N).Time is also a tight resource, especially time spent on activities that are not specifically linked to the daily running of the STF (e.g.

partaking in networking activities and keeping updated by way of various newsletters). This will be discussed in more detail in the following analysis which focuses on the relational ties and knowledge processes the STFs engage in.

All but a few of the STFs (Interviewee F, L, P) are open year round. If firms are closed part of the year it is for private reasons, maintenance, and restrictions in their functional areas[35]. Small shops in the peripheral areas are typically open a few days during the week, partly because there are few visitors during a regular week (especially low season), and partly because of regular wage labour and other self-employed business activities. The fact that the bulk of the STFs are open year round may be a reflection of the fact that, with exception of the B&Bs and to some degree the camping site (they also have a few local guests), the remaining STFs agree upon they are dependent on both tourists and on the local population in terms of revenue. This may be because the Municipality of Viborg is not one of the high profile tourist destinations in Denmark, cf. chapter 7. Accessibility to outskirt areas may be another influential factor in this context; but as pointed to in chapter 7, the majority of the tourists visiting the municipality are car-borne, even characterised as interested in exploring hamlet life. The scope of this research does not include a demand-side perspective; however tourists' knowledge of the STFs' existence and location as a result of promotional activities would be worth questioning in this context, especially as a number of the peripheral STFs maintain that they are not satisfied with the joint promotional activity initiatives takes by local tourism authorities.

Taking a closer look at the small peripheral hamlet, Hjarbæk, is interesting. Four of the interviewed STFs (Interview F, J, K, P) are located in this hamlet at the southern end of Hjarbæk Fjord and offer different, even complementing, products and services (camping site, inn, B&B and shop, amber cutter's workshop) (cf. Sundbo et al (2007), chapter 4, section 4.5). There is no doubt that the STFs complement each other and that they as a joint unit of tourism offers have more luck in attracting tourists than they would have if they did not

[35] The camping site (Interview F), which is to close down during the winter season. In Denmark a camping site has to petition the municipality if it wants to stay open from November to February (the winter season) (Miljøministeriet 2010). The limestone mines must also be closed to tourists from about September to April, the hibernation period of the bats that inhabit the mines.

have each other, thereby adding significant value to Hjarbæk as a small independent tourist destination within the municipality. In this context it is specifically interesting that a firm such as the amber cutter’s workshop (Interview P), which normally would not be a tourist attraction, becomes one due to the presence of the other firms. One might question how many tourists would visit Hjarbæk if the hamlet only had the amber cutter’s workshop and *not* the camping site, the B&B and the restaurant etc., whereas the other firms may be argued to be able to attract tourists individually as they provide more traditional tourism offers (i.e. a place to sleep, shop and eat). However, the amber cutter is most definitely an important contributor to the hamlet’s unified tourism offer as he is very invested in developing his firm, the hamlet and the overall destination, and in developing as an artist. As suggested by Morrison (2006) in chapter 3, a firm like Hjarbæk Ravsliberi has significant value as it conserves and develops an old profession that was previously a more common profession as well as a traditional profession/hobby of fishermen in the area. In that sense he contributes to the conservation of the Danish cultural heritage, thus supporting the fact that STFs’ success criteria are more than merely financial.

Furthermore, as suggested by Wanhill and Buralis (1999) in chapter 3, peripheral areas often have limited ability to appreciate demand trends and requirements, and consequently risk becoming inward looking, failing to appreciate and take advantage of global developments (cf. chapter 3, section 3.3). Based on the generated empirical data, examples from the case area refute this notion. The STF-analysis so far indicates that the STFs are focused on providing a high level of personal service, and often on providing more than something to eat or a place to sleep and shop, but rather a total experience that appeals to different senses, and even states of mind (Interview G, H, J, I, N). The majority of the firms (Interview G, H, K, I, J, N, O, P, Q) are offer unique, even personalised products (Interview P), that are not sold in supermarkets or otherwise easily obtained within a close geographical proximity. Moreover, they provide sustainable products in terms of homemade food and that fresh, organic and/or locally produced ingredient. All the above characteristics are identifiable in the societal trends of today where people are becoming more focused on health, personal evolvement (learning, experiencing), sustainability and generally quality over quantity (cf.

chapter 3, section 3.3); a trend that to some degree may be ascribed to the current financial crisis in the sense that people have become more conscious of how they spend their money and prefer quality over quantity.

All in all, the interviewed STFs exhibit many of the lifestyle entrepreneur characteristics suggested in the tourism and hospitality literature, such as having limited financial and timewise resources, the latter by many of the interviewees linked to the fact that they view the firm and themselves as identical, signifying that they are to be involved in every little detail. The bulk of the STF-owners pertain to an age group that is 50 +, and age is identified as a factor keeping the STFs in this age segment from wanting to expand further (size-wise) which also is an expectation pointed to in the literature as a possible impediment in terms of STFs pursuing business development initiatives (Hall, Müller & Saarinen 2009). Being small for the sake of smallness (Nooteboom 1994) is also a key characteristic supporting literature expectations concerning lifestyle entrepreneurs. Moreover, in agreement with literature expectations concerning lifestyle entrepreneur STFs, a characteristic of the STFs is that many of them wish to be a home-based business because they find comfort and personal satisfaction in such an arrangement; just as the majority of them are dependent on the help from friends and family in practical matters. A limited number of the STFs have high levels of managerial and economic skills and expertise. However, all of the STF-owners have a background that in some way or the other seems to benefit their ability to run and manage their firms. Either in terms of them having formal training relating to the service sector (administrative and personal service-wise), or formal training that specifically pertains to the product they create and sell (e.g. glass blower, flower arranger, chef). Indeed, in many cases the personal interests and hobbies of the STF-owners provide an important ground stone in their business venture(s). The majority of the firms are opened all year[36], thus not only open during the high season only, exploiting low industry entry barriers and the possibility of turning a quick buck (Ioannides, Petersen 2003). Specifically, the peripheral characteristic of the case area is suggested to have an influence in this context. The general STFs approach is that due to their geographical location there is a dependency not only on tourists, but in fact

[36] The firms that are closed down for parts of the year are so due to private reasons (1), maintenance (1), but also due to restrictions pertaining to their functional areas (1).

also a dependency on the trade of the local population, and as such the spread in customer segment demands an all-year effort. Moreover, coping with the challenges pertaining to running a business in a peripheral area (as the bulk of the STFs do) where there during part of the year is limited tourist activities, is suggested to be a lifestyle choice and in fact a question of 'going all in' in order to survive – a business approach that by several of the STFs is pointed to as specifically necessary, especially in time of economic recession where products and services provided by STFs are not necessarily highly prioritised on the consumers' economic agenda. Specifically, this dedication to their businesses is supported by examples of STFs taking wage labour as a supplement to the STF earnings in order to survive, and not the other way around as suggested as a possibility within the existing literature on STF. The notion of peripheral characterised small business as likely being inward looking and failing to appreciate and take advantage of global developments and opportunities (1999) does not seem to be the general picture emerging when focusing on the individual firm cases. Specifically, being aware of societal trends is reflected in the products and services offered (i.e. ecology, quality, tourist involvement and personal development and learning possibilities), consequently suggesting that there seems to be an orientation toward development. Not in terms of expanding size-wise, but in terms of staying of interest in the eyes of tourists and locals with the aim to secure a stable income, even increase revenue.

Indeed, the current study provides examples of lifestyle-oriented firms where the majority in fact simultaneously are business-oriented and focused on economic growth (i.e. classic economic entrepreneur traits) e.g. by keeping up to date and adapting to societal trends, and while for instance maintaining the quality of being a small firm reflected in low levels of employees and the ability to maintain a high and specifically personal level of service. A characteristic that in a few cases has proved to result in multiple and different business activities, cf. Pasanen's (2003) notion of portfolio entrepreneurs, i.e. business-owners that have more than one business activity at a time. Concerning the latter, such STF characteristics also points in another direction than the constrained/ethically bounded lifestyle entrepreneur (Ateljevic & Doorne 2000), as there are no indication of STFs rejecting economic growth as such, rather in many cases they are seeking economic growth, consequently investing in additional and supplementary business activities as to achieve this growth while at the same time staying small.

This chapter has focused on the individual STF. The following chapter explores the inter-organisational relations of the STFs and how these relations are evident in STFs’ business activities, e.g. marketing activities and product development initiatives.

9 The inter-organisational relations and knowledge processes of small tourism firms

After the introduction of small tourism firms (STFs) upon which the empirical data of this study builds, this chapter focuses on the different network structures in which the STFs take part and that somehow contribute to their business ventures. Based on the STF-interviews a number of different networks have been identified; some originate from top-down initiatives taken by local authorities, some from bottom-up initiates taken by STFs on a grassroots level. The networks have multiple purposes, e.g. marketing and exchange of experiences and knowledge. The structure of the analysis takes its point of departure in the different network structures the STFs are a part of, i.e. their collective and relational activities. Tourism is an industry that involves many different actors from multiple administrative levels. The analysis starts by identifying and analysing the STFs' relational ties and knowledge processes at destination level (macro level) – in this case networks established via top-down initiatives; it then moves on to firm-level networks (micro level) which are a result of both top-down and bottom-up initiatives crossing occupational groups and geographical (i.e. destination) boundaries alike. As the individual STFs at firm-level partake in different relational constellations linked to different actors, the analysis will be structured according to the three main tourism network benefits identified by Lynch et al (2000) in Gibson & Lynch (2007), i.e. benefits related to: business activities, the community, and exchange and learning. Once the network structures are identified, relational ties analysed (embedded, arm's length, proximity perspectives) along with specific knowledge benefits (i.e. types and categories of knowledge), it is investigated how these potentially different knowledge benefits are put to practical use (i.e. knowledge strategy) by the STFs. After analysing the different relational ties and knowledge processes, the chapter concludes on the relationship between relational ties and specific knowledge strategies (exploration, examination, exploration); i.e. is there, as suggested in the theoretical chapter (cf. chapter 5), a pattern or tendency between embedded ties and arm's length ties, respectively, and the specific knowledge benefits and strategies such relational ties facilitate, and what are the commonalities and differences detected in these different collaborative constellations of relational ties across administrative boundaries, occupational groups and network purposes?

9.1 Destination-level networks

The theoretical section argues that tourism actors are economic actors that are inter-related in a web of resources and activities (Håkansson, Johanson 1992) (cf. chapter 4), indeed, even inter-dependent in delivering a unified tourist product both in terms of product development and marketing (Scott, Baggio & Cooper 2008, Grängsjö 2003). In this context it has likewise been maintained (e.g. by March & Wilkinson 2009; Sainaghi 2006 in chapter 4) that collaborative relationships on destination level is a managerial imperative in terms of coordinating resources for successful marketing and destination management, especially at destinations with a large number of STFs and potential inexperience in the tourism industry. By viewing networks as structures that contain and support networking activities (cf. chapter 4, section 4.1), the generated empirical data has revealed two local public authority sponsored bodies (i.e. organisations) that facilitate formal destination-level network structures relating to STFs and of which almost all interviewed STFs are members. The local tourism information bureau, *VisitViborg* (VV), is one of these organisations and includes all the interviewed STFs as members. The organisation facilitates product development and networking among tourism actors, and marketing of the municipality as a tourist destination in particular. The other organisation is the local trade council, *Viborg Egnens Erhvervsråd* (VER), which aims at business development of all interested firms, including STFs, in the municipality, at individual firm-level but more importantly also at the collective level, hence encouraging collaboration across industries.

VV and VER are public, top-down initiated and managed umbrella organisations. Their members operate formally with the umbrella organisations, and may interact formally and informally with fellow members (Gibson et al 2005). These formal umbrella organisations give their members an opportunity to engage in formally organised network activities, and are, as maintained by Hjørdie (2006), likely to provide a breading ground for the STFs to engage in self initiated networks due to a shared frame of reference with other members, cf.

chapter 4, section 4.1. However, members of such umbrella organisation may not have relational ties to each other, but invest in common identified aims via the umbrella organisation. In fact, they may merely co-exist. As the analysis of STFs' relational ties and knowledge processes proceeds, it will become evident that not all destination STFs have relational ties to one another. However there is evidence that the interviewed STFs operate formally and informally with fellow members of these umbrella organisations, all in all, as a result of different environmental opportunities and circumstances (cf. chapter 3, section 3.3). In the following, the two umbrella organisations and the different network activities they formally facilitate will be investigated and analysed in accordance with the analytical framework developed for the purpose (cf. chapter 6).

9.1.1 VisitViborg: The local tourism destination management organisation

As the theory briefly revisited initially in this chapter suggests, all tourism actors (i.e. public and private actors along with other stakeholders) are inter-dependent and can be argued to be part of a network of resources and activities that offer tourists a unified product. As maintained in chapter 4, section 4.4.3, STFs are, especially in the case of destination marketing efforts, compelled to collaborate with actors with whom they may or may not wish to have close contact in order to achieve a commercial quality in their destination product. The primary reason is that STFs' individual products and services are seldom enough to singlehandedly attract tourists to a destination. Secondly, STFs' individual financial resources are often too sparse to invest in the marketing efforts required to attract tourists. A key point regarding the argued reciprocal relatedness and dependency among tourism actors is that it exists even in the absence of an organisation or network structure that facilitates and coordinates destination-level activities such as marketing, product and competence development initiatives. The main cause is that tourists themselves piece together a destination's different attractions, accommodations, restaurants etc. when they create their individual holiday experience. Hence, stressing the point that the heterogeneous tourism industry actors are inter-related and even dependent on each other, i.e. regardless whether a destination having established a formal destination management organisation

(DMO), and more importantly that STFs (and other tourism actors) indeed are inter-related and inter-depended whether they acknowledge, want or strive for it.

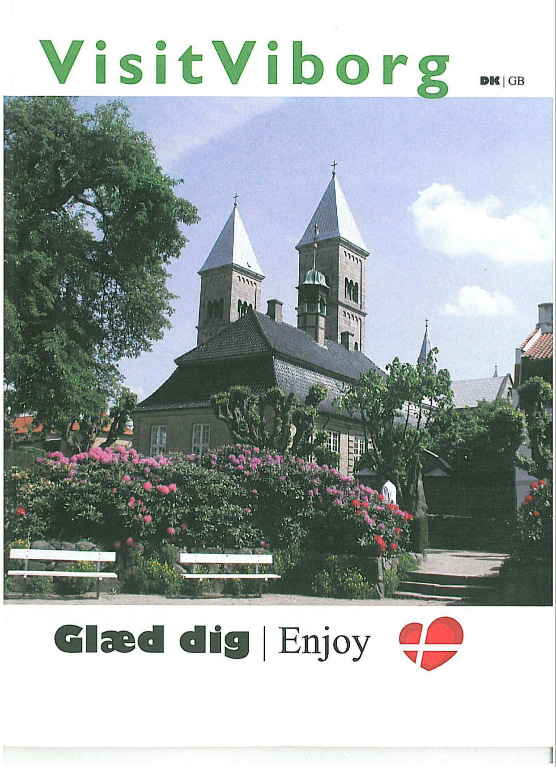
In the case of the Municipality of Viborg, the networked structure of the tourism industry is manifested in the publicly run umbrella organisation VisitViborg (VV). As presented in chapter 7 introducing the case area of the empirical data, VV (i.e. Viborg's tourism association) entered a partnership agreement with the Municipality of Viborg in 2009 (2008) which gives VV the following responsibilities: supplying marketing material and servicing tourists, marketing the destination as a whole, initiating and facilitating product development initiatives across the destination, developing networks between private tourism actors and between public and private tourism actors, and informing private actors about e.g. international and national development trends, analyses, offer seminars, courses etc., developed or referred to by the regional tourism organisation, Midtjysk Turisme. VV is argued to function as a local destination management organisation (DMO) in the sense that it is responsible for marketing and developing the municipality as a whole in a tourism context; including facilitating networks, as well as marketing and product developments initiatives e.g. by pooling resources and bundling tourist products (Interview D, e.g. 26:46). Thus, VV aims to address and involve all tourism-oriented firms within the municipality to the extent they wish to be involved, as network membership is voluntary. However, as pointed out below, informally VV network membership is essential in order to be part of a bigger whole, as specifically reflected in joint promotional activities (one destination providing a unified tourist product).

For destination-level networks (VV and VER alike), institutional proximity (cf. chapter 4, Table 4-2) is a central condition for forming collaboration ties between destination STFs, among STFs and other actors in the destination, and generally with other tourism oriented actors within Denmark' s geographical boundaries. The reason institutional proximity is a key condition is that the tourism actors from a macro-level perspective (national, regional, local) operate within the same institutional framework, i.e. follow the same overall rules, regulations, and encounter similar impediments and opportunities (cf. chapter 4, 4.5). These conditions can be argued to be effective concerning the firm-level network analysed later in this chapter as well. As far as the destination-level network structure in the context of VV, formation of relational ties can be argued to be a direct result of the institutional set-up reflected in public actors' (i.e. the Municipality of Viborg, and the tourism association/VV) top-down initiatives to develop the destination's tourism offers, and market the destination as a whole by initiating, facilitating and encouraging collaborative behaviour. Such activities must comply with national and regional political agenda (i.e. institutional framework) for tourism development, cf. national and regional tourism development strategies presented in chapter 7.

Moreover, geographical proximity (cf. chapter 4, Table 4-2) is a defining condition as a tourist destination is a geographically defined area (Gunn, Var 2002) which signifies that all tourism actors within the destination (i.e. the Municipality of Viborg) work under the spatial fixity of its geographical boundaries. Indeed, tourism firms are bound up in their property (Grängsjö 2003) as they often both live at and run their business from the same location. The overall tourist destination-level network structure is reflected in VV's tourism development and marketing activities aimed to cover the entire destination, which comprises many tourism firm types (cf. chapter 3). In tourist destination-level collaboration, specifically aimed at promoting a unified destination tourist product, distant organisational proximity in terms of providing different and at the same time complementing products and services is seen as a strength, as it is a reflection of the destination's variation of tourist offers. Of course, firms exist within the destination that provide identical or similar products and services, which means that competitive relationships are likely to develop between such firms (Sundbo et al 2007).

The empirical data shows that the formal network structure provided by VV is the only network structure that in some loose form encompasses the vast majority of the destination's tourism firms (small as well as large) (Interview D). In fact, this capacity lies in VV's function as an umbrella organisation initiating, facilitating and coordinating joint promotional activities; specifically the annual holiday magazine where the destination's firms buy advertisement space, and hence collectively achieve a commercial quality in their destination product.

Illustration 9-1: **VisitViborg's annual holiday magazine, 2011**



In fact, when the interviewed STFs are asked about their collaboration with and/or via VV, the one thing, and in many cases the only thing, they mention is that they all buy advertising space in the annual holiday magazine to promote their firm to a broader audience and be part of a larger whole, namely the municipality as a tourist destination (Interview C, E, F, G, H, I, J, K, L, N, O, P, Q). Moreover, the majority of the interviewed STFs are satisfied with this collaboration. However, regarding the annual holiday magazine, the municipality's STFs (as well as the other tourism actors contributing to the magazine) have no direct interaction with each other as the magazine is initiated and organised by VV (Interview D). Regarding joint promotional activities, the majority of the interviewed STFs also take part in a destination brochure distribution arrangement, whereas only a few (Interview F,L,P,Q) engage in fair activities organised, not paid for, by VV. Additional joint promotional activities include bundling of tourist experiences, which for instance has resulted in a number of package tours aimed at attracting associations, and in the destination's canoe and angling offers, respectively, being gathered and marketed jointly. Similar to the groundwork in connection with publishing the annual holiday magazine, VV distributes the individual firms' brochures to tourism firms within the destination after the brochures have been delivered individually by the firms to VV. Thus, also in relation to this activity the firms have no direct contact with each other. As such, the development of STFs' relational ties via VV's joint promotional activities can in relation to the two key joint promotional activities, holiday magazine and brochure distribution, be argued to be absent since STFs have no direct contact with one another as these key network activities are based on top-down initiatives and actions.

On the other hand, there is a long term and ongoing relationship between the individual interviewed STFs and VV as the firms participate in the joint promotional activities year after year. This certainly reflects that VV functions as the destination's formal DMO initiating, facilitating and coordination destination-level activities, and offers, e.g., marketing and fund raising resources that otherwise would be difficult for the STFs to access and use (e.g. Interview D, 26:46). Turning to Uzzi's relational ties mechanisms (trust, exchange of fine-gained information, engaging in joint problem solving) it can be argued that the STFs' and VV's joint wish for and acknowledgement of achieving a commercial quality in the destination products has resulted in joint problem-solving as a primary mechanism that strengthens the relationship. The presence of trust is moreover a defining characteristic of embedded ties, and in the case of STFs' trust in VV there are elements of competency trust (cf. chapter 4, section 4.4.1), reflecting that VV over the years has proven to have the abilities required to distribute STFs' financial resources in organising and effectuating different marketing activities required to promote the destination as a whole. Competence trust is a type of trust that in this case primarily can be linked to VV's professional abilities. However, trust is a feeling inside the individual, often developed as a result of face-to-face encounters where actors have the opportunity to scope out each other businesses and personalities or by way of contractual trust (Heffernan 2004); whereas cooperation can be argued to be an act (cf. Naipaul (2009) in chapter 4, section 4.4.1). This signifies that collaboration between actors does not necessarily mean that a relationship is built on a high level of trust. In fact, as insinuated above, STFs' collaborate with VV because it is the only organisation that facilitates and coordinates specific tourism business-oriented activities on destination level, and that is publicly funded. This means that if STFs do not invest in this relationship, they are most likely on their own and not a part of the destination's joint promotional image portrayed externally, moreover missing out on their firm being promoted in a large circulation (Interview H, P). So, although STFs' participation in VV-activities is voluntarily, there are elements of political and social pressure to partake if the STFs are to benefit from public funding for local tourism development and if they are to be viewed as part of the group by their peers (cf. chapter 4, section 4.1). A few of the STFs carefully state that they as a firm, or even group of firms, do not wish to express too much dissatisfaction with the DMO and its efforts, and potentially end up in bad standing, or worst case scenario miss out on the opportunity to be included in the widely circulated destination holiday magazine and be marketed extra in addition to the firms' individual marketing efforts. Concerning Uzzi's final embedded ties mechanism, sharing of information, there seems to be a discrepancy in the behaviour wished for, needed and to a large extent expected by VV (Interview A). Namely that the STFs give VV specific product and resource information, and provide the input needed to launch various projects aimed at attracting tourists (Interview A, 06:45). The STFs explain their limited sharing of firm specific information with limited resources.

> It is often the case that I don't read them [her e-mails] at all, because I don't have the energy to sit down and read it through. So, I guess that handing in information to VV, which they would like us to do, is something of which I think that I will not benefit from right here and now. We don't have the energy for that, we who are small firms; we simply don't have the time for it. We have plenty one our plate in creating awareness of our own products in the way that we see most fit. I don't know, maybe VV could be more proactive, and spend more of their time visiting us [the STFs] and obtain information at our place of business (Interview Q, 33:05)

Interviewee N, who among other tourism business activities runs a B&B, similarly points to the limited firm resources as an impediment to contributing to the extent that she feels is expected by local public authorities:

> Well the tourist bureau [VV] and the local trade council [VER] invite us [Interviewee Q and Interviewee N herself] every time there is an event because we have something to offer. But actually we cannot afford it…It is a question of economy. We spend a day of our time and we don't get anything in return and that is a bit of a shame, yes it is actually a shame (Interview N, 23:50)

The point is that even when STFs ideally would like to help and contribute with firm specific information, ideas, perspectives etc., the time required is very limited. As a result, the information exchange sought by VV is considered an additional time consuming task and has low priority because it takes times away from other and more pressing business tasks. STF-interviewee Q points out (Interview Q, 33:05, previous page) that how VV invests its resources is another issue that impedes development of strong relational ties between VV and the STFs geographically located in the municipality's more peripheral areas.

VV effectuates several activities to facilitate collaborative ties among the STFs. For instance, VV hired an external consultant to talk about the importance of additional sales once the tourists visit the individual firms, and about the importance of collaboration among the private tourism actors in the sense that they link to each other's web sites and send tourists each other's way (Interview D, 45:26). To strengthen collaborative links between the destination's accommodation providers (i.e. hotels, inns, B&B, etc), VV arranges meetings where the actors are introduced and get aquatinted, to get them to share experiences and refer to one another when they are fully booked (Interview D, 48:29). The empirical date indicates that there in fact are different networks within the destination among B&Bs, as will be discussed later in this chapter. Fair activities in the context of VV have over time contributed to the development of stronger relational ties (Interview L, Q, P). For instance, STF-owner interviewee Q who has participated in VV fair activities argues:

> There is no doubt that when you over the years attend fairs together, well then you get to know each other for good and for bad. We know each others' strengths and weaknesses and we can help each other if we are in need of that. So, that most definitely contributes to us being able to support one another, also in such a way that we send tourists back and forth between us when they are in the area. That is, the better we know each other, the better it is, I would say. When tourists visit me out here, well then I try to guide them to the tourist attractions that are in my neighbouring area, and then I hope that they [the other tourist attractions] have the time and energy to do the same (Interview Q, Birthe, 49:55)

Similarly, interviewee P argues that since he began attending fairs in the context of VV back in 1998, he has formed close relationships with tourism firms, (i.e. specifically Viskum Snaps (Q), Daugbjerg Kalkminer (L), and Golf Hotel Viborg & Golf Salonen[37]) that attended the same fairs over the years (Interview P, 24:54).

Certainly, analysing the empirical data with regard to the relationship between the STFs' and VV, it becomes clear that primarily promotional activities bind them together although VV also facilitates activities that e.g. address competence building, and collaboration and exchange of experiences between tourism actors. In particular when comparing STFs' support for specific networking and competence developing event to promotional activities, there is no doubt that the STF's main support and resources are allocated to the promotional activities. STFs' prioritised support for VV-activities indicates that STFs' main support lies with activities that bring them closer to an actual sale here and now and not with activities directed at developing the individual firm's competences. This calculated prioritisation of resources (i.e. time and money) by the STFs' part is likewise reflected in their response when they perceive that their sparse resources are not optimally invested in the context of VV. A small group of STFs (Interview L, P, Q) expresses discontent with the fair activities as there is no public financial support; along with differences of opinion concerning which fairs to attend; and specifically what responsibilities lies with VV, such as the head of tourism being a visible representative of the destination at the fairs have become critical issues affecting the current and future collaboration between these STFs and VV in this respect. As the two quotes below illustrate, STFs that live at and run their business in the

[37] Golf Hotel Viborg & Golf Salonen is not in the category of a small firm with less than 10 employees. The hotel is a member of the Best Western hotel chain and does not qualify for the interviewee-sample for this study. See e.g. www.golf-hotel-viborg.dk/ for more information about the hotel.

peripheral areas feel overlooked in the marketing efforts that are supposed to include the entire destination.

> ….I think that VV has a hard time looking beyond the [old] municipal boundaries of Viborg, and well we contribute financially to a common purse so somewhere we have the right to them [VV] looking our way. That is, they launch different initiatives [referring to the brochure bundling tourist experience in one and three-day package tours, VV's inquires for offers to promote at a fair], but I feel that they are kind of hasty and also…well yes, they could have done a better job (Interview Q, 19:23)

Another STF states:

> (…) what about starting with taking a look at where our destination starts from the northern, the southern, the eastern, and the western boundaries. Every little attraction must be included. It is no use sitting within the city limits thinking that it is here the action is, because then it all falls to the ground (Interview P, 22:55)

Specifically, the fist quote (Interview Q) points at an external political influence, namely the structural reform of the Danish sub-national government in 2007 (cf. (Halkier 2008), chapter 7) which changed the geographical boundaries of the Municipality of Viborg to include the now former Municipality of Tjele where Interviewee Q's firm is located as an external environmental factor of influence by insinuating that VV still primarily focuses on the old Viborg Municipality. Indeed, STFs in the more peripheral areas apparently feel that they have to fight extra hard compared to the STFs in the city of Viborg in order to get VV's marketing resources allocated to their areas. Another example is interviewee F, who owns and runs a camping cite:

> …I would like for the Hjarbæk Fjord area to be more marketed, so I ran for the board in the tourism association and now I am a member (…) and it will take time, I presume, but I bring it up at every meeting, and it is also a question of politics, right? Because there is great potential in this area which no one really uses (…) No, it is something that people do not talk about (Interview F, 12:15)

As a way to influence how VV allocates tourism resources, interviewee F has become a member of the tourism association board. Actually, she has replaced interviewee Q who was

STF-representative on the tourism association board for more than ten years. Just as interviewee F, interviewee Q's aim was to influence allocation and utilisation of resources (Interview Q, 09:34). Interviewee Q states that she tried to influence the tourism development of the destination as a board member of the tourism association, but that it was difficult for her as an STF. It was difficult to get her point across and ideas accepted and implemented because the larger attractions represented on the board had more clout in terms more financial and human resources, not to mention their profile as central attractions appealing to and attracting a larger amount of tourists compared to the more niche oriented STFs (cf. chapter 3, section 3.2). Her statement indicates that the actors who make up the backbone of VV in the form of the tourism association board as the strategic decision makers have different resources and that some of these resources provide a higher degree of network control hence affect network activities (i.e. marketing efforts) (cf. Håkansson & Johanson's (1992) chapter 4, figure 4.1). This difference in network resource-power is argued to be a potential contributing factor to the development of loose embedded ties between VV as the local DMO and destination STFs, as STFs seemingly feel that their voice is not being heard.

Among the STFs who are dissatisfied with VV, their competence trust in VV seems to have deteriorated over recent years and the STFs' relational ties to the DMO have become weaker and less embedded. This is illustrated by decreasing collaborations between the STFs and VV in some respects (cf. Heffernan's business-to-business relationship lifecycle (2004) in chapter 4, section 4.4.1). As will be discussed in the following concerning knowledge processes and knowledge strategies in this section, based on the discontent with the destination-level joint promotional activities, VV nonetheless seems to have contributed to the development of strong embedded ties between at least some of the destination's firms, small as well as large, and moreover that these strong relational ties have resulted in the formation of new networks and activities as will be introduced in the firm-level network analysis (cf. chapter 9, section 9.3).

As argued in chapter 5, knowledge is created in the interplay (i.e. transfer/sharing) between tacit and explicit knowledge (cf. Takeuchi & Nonaka (1995) characterised in the form of different knowledge categories (i.e. know-what, know-why, know-how, know-who) (cf. Johnson et al (2002). This study has a STF-perspective as it is the relational ties and knowledge processes of the STFs that constitute the area of investigation. Based on VV's responsibilities, specifically in relation to the destination's supply side (i.e. tourism firms), the knowledge benefits facilitated by the relational ties in the context of VV are linked to know-what, know-who, know-how and know-why types of knowledge. The relational ties between the STFs and VV are not strongly embedded in a personal sense, however, they are embedded in the sense that they are long term and focused on solving joint destination-level challenges, i.e. making the Municipality of Viborg an increasingly attractive destination for tourists via product development, bundling of tourism experiences and promotion of the destination as a unified product package.

From the perspective of the interviewed STFs, the main network activity linking the firms to VV is the joint promotional activities initiated, facilitated and coordinated by VV. The network benefit is clearly related to improving business activity on destination level, however, there is little knowledge exchanged in this respect. It is more a process of buying a specific service, and STFs have nothing to do with the execution of the promotional efforts and there are no further knowledge processes in this respect. The same goes for brochure distribution. Nonetheless, it can be argued that the STFs may get at better sense of the other tourism firms within the destination and what they offer (i.e. know-who knowledge) once they view the final products, i.e. receive the brochures from the other destination firms and see their adds in the annual holiday magazine. This is not a knowledge benefit the STFs point to themselves as they regard the promotional material a being directed at the tourists and not them as firms.

Know-who knowledge is an important knowledge types that VV attempts to develop at different events. The destination's tourism firms are invited to arrangements to get acquainted (know-who); to receive information from external knowledge sources (i.e. a consultant) on (know-)how to further their businesses by engaging in more collaborative behaviour such a referring to each other's websites and refer tourists to each other's firms; and (know-)why it is important to engage in these collaborative measures based on how tourists for example may use STFs' websites in their search for destination information. The aim is an internalisation process where explicit know-how and know-why is communicated so the STFs can internalise the information (i.e. making it tacit). In relation to the specific example of cross-referrals, a few of the interviewed firms mention how they specifically link to other firms' websites (Interview F, L, N, Q), and display art pieces or products at each other's firms:

> Butik Remme [Interview J] they have our brochure in their shop and we have theirs, and we also have a display case with things from their shop (Interview F, 56:57)

> For example, I benefit greatly from Hjarbæk Kro [Interview K] when it is open during the summer. Then I have a display case there, and as a result tourists stop by (Interview P, 30:04)

> …I have of course teamed up with restaurants and a like, because the guests who stay here they always want to go out and eat, and of course there are some restaurants which I think are better that others, so I have those small business cards [from restaurants etc] so the guests know where to go, and I also tell the guests where to go and where not to go (Interview O, 00:27)

Although VV suggests lacking results, e.g. firms referring to one another (Interview D, 45:26), STF-interviews point in another direction, namely that they do refer to each other's businesses, maybe not all of them via links on their websites, but then via other methods as illustrated above. That these cross-referral activities are a direct result of VV initiatives is not likely, because as later analysis will show, the STFs engage in collaborative activities that bypass VV. Nonetheless, several of the interviewed STFs refer to the event with the external consultant (Interview P, J, F, L), so it is argued to have had an effect on them. Furthermore, as the last quote shows, STFs may provide the opposite of referrals, and as such advise against visiting e.g. a specific restaurant if the STF-owner personally does not think that that place of business lives up to a certain standard.

The different VV arrangements not only function as potential learning environments in terms of STFs accessing external knowledge, they also function as informal forums where the STFs have the opportunity to get to know one another and share experiences, reflecting know-who and know-how types of knowledge that is shared via a socialisation process where tacit knowledge is shared among the firms. For example, regarding the meetings oriented toward the destination's accommodation providers, in this example specifically B&Bs, the head of tourism points to the following knowledge benefits,

> Well, then it also has something to do with them [the STFs] getting to talk to one another; "What do you serve for breakfast? We could do that as well, that would be much easier"; "Do you charge for towels, or do you not charge for towels", such basic things, yes (Interview D, 48:48)

Regarding these more informal meetings among accommodation providers within the destination, interviewee O, who owns and manages a B&B in the centre of the City of Viborg, states:

> Well we have these meetings once awhile facilitated by VV where we get to know each other (…) Well, then you meet up and talk about for instance sending guests each other's way if we our selves are fully booked (Interview O, 07:15)

The meetings seem to provide knowledge of who is who, and who provides what types of services and products, and give the individual, in this case, accommodation providers, an idea of potential collaborators, i.e. who they share business views with regarding quality and service. B&B network activities will be analysed later in this chapter under the section regarding firm-level networks.

As presented in chapter 7, it is in terms of competence development (know-how) and general information (know-what) VV's responsibility to inform private tourism actors about e.g. development trends, seminars, courses etc., developed or referred to by regional level, Midtjysk Turisme. This is primarily done by e-mail as an integrated part of the newsletters about what is happening within the area, i.e. knowledge that is closely related to information and can be categorised as know-what knowledge (i.e. facts). The e-mail newsletter is sent out four times annually. The STFs' generally see the newsletters as information that, due to sparse time-resources, is glanced through quickly and keeps the STFs oriented about tourism news within the destination. In one of the STF-interviews (Interview L) the newsletter is found a bit theoretical, insinuating that the STF-owner sometimes have a hard time relating to the content. This supports Cohen & Levinthal's (1990) argument that in terms of knowledge transfer and thus the generation of new knowledge a shared language between actors is critical, as it influences the actors' ability to absorb information, ascribe meaning to it, adapting and applying it in their specific context (cf. chapter 5, section 5.4). Another aim of the VV-newsletter is to get the STFs to tell a positive story from their everyday life as business-owners to inspire other tourism actors within the destination. VV wishes to make an effort to transform tacit personal experiences into explicit and accessible knowledge and uses the newsletter in this externalisation process. However, as pointed out by the STFs (e.g. Interview N, Q), limited time resources in many cases prevent the STFs from committing to sharing of personal experiences by these methods. A possible solution is that VV dedicates more time to visiting the STFs and retrieves the information it needs like journalists (i.e. VV writes the stories).

Ahmed et al's (2002) 'ignorance barrier' in terms of knowledge transfer has also proven to apply in a single case with regard to gaining knowledge benefits from destination-level network activities, although from a more overall network perspective (i.e. not linking to any specific network, but networking in general when it comes to business).

…but such…so-so…you sit and talk, you have heard it all a hundred times before, I simply don't bother spending my time doing that. Did you know that when you are at an event 98% of what is being said is a repetition of things that already have been said; only 2% is new, and such an situation is not for me, I go home at once, I simply don't bother (Interview O, 32:15) (…) but it is more due to the fact that I don't bother. I have been a part of this for so many years, I have run businesses for many years so there is nothing new under the sun (Interview O, 38:03)

The ignorance barrier is far from the general attitude among the STFs, but the quote offers a factual example of a perception that may keep especially tourism actors who have run their business for many years from engaging in networks and competence developing activities. The primary impediment to partaking in competence development seminars, courses, reading newsletters and network events is, however, the lack of time and human resources.

The overall destination-level network with VV as the central initiator, facilitator and coordinator of network activities, can be argued to provide two main knowledge benefits, namely access to explicit knowledge via external knowledge sources by way of newsletters and by facilitating and organising meetings, courses, seminars and alike (know-what, know-why); and knowledge benefits in terms of tacit knowledge (know-how) by giving STFs the possibility to meet peer network members (know-who), i.e. other STFs within the destination with whom they for example have a shared knowledge-base and/or organisational likeness.

In terms of knowledge strategies, i.e. the extent to which, or rather how, a particular knowledge activity is oriented toward creating economic growth (cf. chapter 5, section 5.5), the knowledge benefits identified as a result of VV network activities can be categorised as exploitation. The empirical data provides an example of a STF accessing external specialist knowledge via VV. In theory explicit knowledge via arm's length ties primarily is associated with exploration (cf. chapter 5, table 5-4), but in this specific case knowledge is accesses with the purpose to refine existing knowledge, as such signifying exploitation as a knowledge strategy.

> I actually registered because I wanted to improve my existing knowledge, and he [course manager] could tell me that what I was doing at the time actually was illegal. If Facebook had become aware of that, then they would have closed my profile, which would have been a shame as we at that time had about 60 friends (…) (Interview F, 45:22)

As argued, the knowledge processes linked to the joint promotional activities of the networks are limited, but are identified as the primary network activity linking VV and STFs.

However, the knowledge exchanged as a consequence of VV-arrangement appears to be related to daily routines, price rates, services, and who knows who within the destination; knowledge that seemingly is used to refine existing knowledge and hence services, e.g. with focus on providing tourists with alternative accommodation when one accommodation provider is fully booked.

So, the relational ties between the STFs and VV have been identified as loosely embedded; a characteristic that can be linked to VV's role as a public umbrella organisation and service unit for the STFs and to the financial set-up (i.e. public funding and various membership/activity fees) and organisational set-up (i.e. the tourism association board). VV's destination-level network has elements of membership being voluntary, yet forced and a necessity if STFs formally wish to be viewed and appear as part of the destination. This circumstance adds to the view of VV role as a formal service provider for the STFs, as these services are paid for. The formal tasks of VV on the tourism supply side concern product development, promotional activities, facilitating networks and providing knowledge of tourism related information. However, the dissatisfaction with VV's joint promotional activities has facilitated the development of strong relational ties between some of the interviewed STF, so in that sense VV can be argued to, however unintentionally, have initiated explorative knowledge strategies. This aspect will be analysed further in the analytical section about firm-level networks after the destination-level network analysis.

9.1.2 Viborg Egnens Erhvervsråd: The local trade council

Unlike VisitViborg (VV), the local trade council, Viborg Egnens Erhvervsråd (VER) is not a public organisation whose primary focus is tourism. VER is the local public authority sponsored body for business development across all industries, and focuses specifically on developing creative growth milieus for entrepreneurship, knowledge sharing and formation of networks for all industries and businesses in the municipality. It also refers to regional and national business development support programs where the firms can get help (Interview B) (Viborg-Egnens Erhvervsråd 2010) (cf. chapter 7, section 7.3.5). VER aims to address and include all firms in general within the municipality. Like VV, VER can be categorised as an umbrella organisation where members formally cooperate with VER as it offers advisory services in product development, business strategy or training, and facilitates networking between firms and industries (cf. chapter 4, section 4.1 and chapter 7. VER is argued to facilitate formal as well as potentially informal networks as its members have a shared frame of reference in some aspects since they have decided to become members of the same organisation.

By virtue of VER's position as the local trade council and thus primary provider of public business development at the local level, geographical and institutional proximity is fundamental to the network structure provided by VER. They are fundamental proximity conditions in the sense that the activities and services provided by VER first and foremost are directed at firms within the geographical boundaries of the municipality, and the services and activities are a direct result of the local political agenda which is a reflection of regional and national political frameworks, cf. chapter 7. From a macro-level perspective the shared institutional framework within which all the municipality's firms operate means that they have to comply with the same rules and regulations, except e.g. specific rules and laws that pertain to specific industries and types of firms (e.g. restaurant health codes, specific fire safety regulation). Thus as also seen in the case of VV, from a macro-level perspective geographical and institutional proximity are at the basis of relational ties formed in the context of VER-activities.

One of VER's primary services is the possibility for STFs to ask business related questions, discuss ideas and receive feedback and professional guidance on developing the individual firm. The interviewed VER-consultant states that:

> Often it is just a question of asking the STF a question and getting them to make a decision they already know has to be made, for instance that they have to promote themselves more aggressively; or ask them: "Why don't you have customers anymore?"; "Well, if the course provider with whom you work with has closed down, what will you do now?" (Interview B, 07:28)

However, according to the VER-consultant (Interview B, 02:30), not all firms in the municipality make use of VER's services. According to statistics, VER on a yearly basis has contact with about 50% of all newly started businesses in the municipality[38]. Turning specifically to tourism, the Central Region of Denmark's action plan for tourism development addresses that few of the small-scale tourism firms use public business development services as there seems to be no tradition for this within the tourism industry (Region Midtjylland 2011a). Coupled with the industry's suggested limited use of these services, the VER-consultant suggests that due to the tourism industry's very low entry barriers, it has a tendency to attract "dreamers" with illusions about the freedom in owning your own business; people who do not necessarily have the required background, knowledge and competences to establish and run a business. According to the VER-consultant, the result is a low level of professionalism within the tourism industry (Interview B, 12:24). Due to these alleged characteristics, STFs have for years been perceived as "the wrong kind of firms" because their business success criteria often differed from classic economic business success criteria (i.e. increase in number of employees, turnover and export). This VER-point of view has been changing as tourism has become increasingly prioritised on the political agenda in terms of creating economic growth nationally, regionally and locally (Interview B, 16:19). However, the consultant maintains that VER still experiences a challenge in making the STFs aware of their need to accept and use its services, and that experiences show that these firms often only contact VER when the business starts to go downhill rather than the day they start (Interview B, 19:34).

So, although VER aims its services and activities at firms across all industries (i.e. including tourism), its hold on or relationship to STFs generally do not appear to be strong. This situation may reflect STFs' possible lifestyle entrepreneur approach to running their firm, i.e. personal goals such as flexibility, independence over economic optimisation (cf. e.g. (Morrison 2006; Ateljevic & Doorne 2000; Walker & Brown 2004) in chapter 3) as well as their sparse resources to actually invest in business development although they would like to, as pointed to in this quote by one of the STFs,

[38] According to the VER-consultant these statistics are however very satisfactory (Interview B, 02:30)

> …because we all are small firms who are extremely busy the result is that we don't have time; consequently we don't have the opportunity to develop as much as we actually would like to (Interview Q, 29:27)

On the other hand, the situation may reflect the fact that the local public business development culture for many years found that STFs are not the 'right kind of firms' (i.e. seeking profit and growth), and treated the STFs accordingly. VER may thus not have invested and allocated the necessary or appropriate resources to STF public business development. This culture has only begun to change over the past decade due to political influence. A change of values and how STFs are viewed as businesses and local wealth contributors and developers may take time as old values and views have to be unlearned (cf. (Hall & Williams 2008) in chapter 5) before new ones can be embedded within the public business development culture and effectuated. Designing a competence development program for a group of businesses as heterogeneous as STFs may also be difficult, as they first of all potentially run very different businesses, thus having different backgrounds and thus different needs, along with potentially different ambition levels.

Of the 13 interviewed STFs 9 are members of VER, and 6 of these are members of the Food Network, which is a formal and top-down facilitated and coordinated VER network. Apart from the benefits of The Food Network, which will be discussed in more detail shortly, it appears that the interviewed STFs generally do not use the individual business development services (e.g. business plan development, goal identification etc.) offered by VER (Interview B). Based on the interviews, the STFs display limited awareness and interest and only a couple of the interviewed firms have actually made use of VER-services (Interview E, F), i.e. received advice about e.g. the formulation of a business plan, problem clarification by specialised consultants and legal advisers, accounting, finance, advertising, and bookkeeping (cf. chapter 7), specifically when they started their business. One STF (Interview I) used the regional business support program 'Early Warning', which offers professional interpretation, impartial and free assistance to identify actions that may bring firms back on track (cf. chapter 7, section 7.3.5). Hence, only a very limited number of the interviewed STFs have taken advantage of the individual business development services provided by VER. This seemingly confirms the regional statistics referred to above as well as experiences expressed by VER, namely that there is no tradition of such behaviour among STFs.

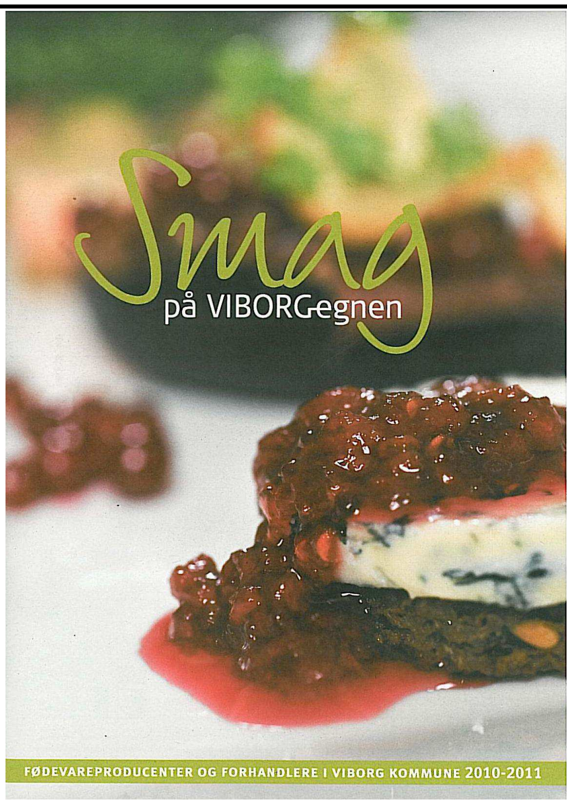
Scarce time-wise resources are one reason for the limited use of VER's business development services as argued above. Another dominant STF-argument is that they do not perceive that they need specific business development services due to their own existing knowledge and experiences, and generally because their business is currently doing well: "Well, I have managed businesses for many years (…) so I have the experience (…)" (Interview O, 38:51); "I think our business is so unique (…) It has its own way of being and if we were to look generally at how to run a business, well then it would go haywire, so we do not run our business in the traditional sense" (Interview C, 35:17); "I'm sorry to say, but we are so busy that we are not proactive in terms of network and a like. Because we are so busy, we keep to ourselves" (Interview K, 22:44). The general link between VER and the STFs is weak when considering the STFs' interest and use of VER-business development services on individual firm-level. In turn, VER's leverage at destination level appears to be linked to the capacity to facilitate networking across industries, that is bridge otherwise divided actors/firms (cf. Burt (1992) in chapter 4, section 4.3.1). VER's investment in joint promotional activities has specifically resulted in the so-called Food Network, which, as mentioned, includes 6 of the 9 interviewed STF VER-members.

The Food Network was established in 2008 in the context of VER and is a formal network. It is financed by the EU, the Danish Ministry of Food, Agriculture and Fisheries, LAG Viborg[39] and VER. At the end of 2010 The Food Network had 44 members made up of food-related businesses from different industries. The Food Network members must be (paying) members of VER, and all network activities are facilitated and coordinated by VER. The Food Network is described as a competence network aimed at food related producers and distributors who wish to develop and create awareness of the municipality's quality foods.

[39] A LAG is a local action group and part of the Rural Development Programme 2007-2013 under The Ministry of Food, Agriculture and Fisheries. The purpose of LAG is to propel the development of the rural district giving the rural population good possibilities for living in and of the rural districts (LAG Viborg 2009).

Formally, the purpose is to make the municipality's quality foods more available at local, national and even international level; to provide its members with knowledge from knowledge institutions, external consultants and alike; and to facilitate joint promotional activities, growth and development of local food products by way of sparring, exchange of experiences and activities, such as inspiration excursions (e.g. at Arla Foods), local food markets and, as illustrated below, publishing a recipe booklet based on local food products (Viborg Egnens Erhvervsråd 2011).

Illustration 9-2: Recipe booklet, Smag på Viborg-egnen / Taste the Viborg-area



As argued, geographical and institutional proximity perspectives are the foundation of VER-activities. From a VER-perspective, organisational distance between actors is the strength of The Food Network as it is the organisational heterogeneity of the firms that brings about good opportunities for collaboration among network actors as a result of the limited direct competition between the firms. However, the heterogeneity of the network is also referred to as an impediment in terms of finding common network themes (Interview B, 30:32). One of the STFs points to the latter as a barrier in terms of (product) relatability among The Food Network members, but argues in the same statement that although she cannot relate to all the other actors due to too much product diversity, she finds other ways of creating a collaborative and relational link. For instance, she uses the network members with whom she feels that there is no product relatability and apparent grounds for providing and receiving relevant feedback as channels to access potential new customers to her own B&B and lifestyle shop (e.g. referring to one of the local market gardens as a non-relatable fellow network member in this context, Interview N, 20:47). When asked what they, the STFs, have gained by being members of The Food Network, the first thing they mention is marketing activities. However, as the STF-quotes below show, the empirical data does support the fact that organisational distance is an essential condition, or rather additional benefit of the STFs in The Food Network:

> We learn about others whom at some level have the same interests as us; namely improve the quality of the local offers and distribution. Personally we have acquired knowledge [about local producers]; because it is a terrible shame if we go out and buy beer from Southern Funen when we have a really good beer producer 10 kilometres away, right? And that we maybe would not be aware of, if we weren't a part of this network. So, in that way, it provides us with local knowledge about things (Interview J, 35:10)

> Well, I get to know my colleagues whom also make many excellent products which they sell, ranging from meats to oils to all sorts of things which can be sold locally, nationally, internationally and also to tourists. Because in The Food Network we all think in terms of sales to tourists but also in terms of sales to our local community because we cannot live on tourism alone…and well, it is also about us benefitting from each others' experiences; that is if you sell oil, soap, salt or snaps, the sale methods can be compared a little bit and we can benefit from each others' experiences in that way (Interview Q, 28:15)

> (…) you have the time to talk to one another and to get to know one another. That is, it is a safe forum to be in because we all have the same interests, so you may ask about things that you would not ask about otherwise. For instance: "How do you run your business?"; "Do you have this kind of customers, and how do you handle them?", and you wouldn't…I wouldn't phone the nearest business that offer something similar to our product and ask: "Well, how do you think it is going?"; "Is your turnover up or down?" (…) But in the [food] network this is legitimate, indeed, it is encouraged... (Interview J, 38:37)

So, although the opportunity to be part of publicly funded marketing initiatives may be the primary benefit sought by many The Food Network members, the quotes above capture the importance of creating an opportunity to overcome organisational distance between firms, by collaborating across industries (products) both by way of STFs distributing other local products as part of their assortment and references, but also in terms of gaining new knowledge and ideas concerning e.g. sale methods used in other industry and product contexts. Especially the last part of the first quote (Interview J, 35:10) captures the possible collaborative opportunities which the network facilitates in terms of network members' relational ties building on the complementary characteristics of the firms (i.e. org. distance), rather than on the competitive characteristics of the firms (i.e. org. proximity, cf. Sundbo et al (2007) in chapter 4, section 4.5). As such, The Food Network is argued to help overcome organisational diversity as a potential impediment concerning collaboration, as for example suggested by Sørensen (2007) who provides examples of STFs that e.g. cannot see the possibilities in collaboration with firms that are too different from themselves (cf. knowledge 5, section 5.4). The quotes also point to cognitive proximity as important in terms of having a shared knowledge-base reflected in experiences, views concerning the importance of local community development, the shared attitude of the necessity to provide quality foods and experiences, and moreover the necessity to invest in more than one customer segment but rather multiple as a patent survival strategy. Indeed, these are all contributing factors that link the actors together in the network.

The individual STFs' may not have strong embedded relational ties to VER as a public umbrella organisation, but it appears that VER nonetheless has the ability to facilitate the possible development of relational ties across industries that potentially over time may develop into strong embedded ties due to common goals and a shared frame of reference. The cognitive proximity between Food Network members is a trust building factor in the sense that the STFs appear to be of the understanding that their fellow network members have integrity (cf. Mayer et al (1995) in chapter 4) in terms of their commitment to producing and distributing quality foods and experiences, and hence are likely to be committed to the network. Moreover, as argued in chapter 4, section 4.4.1, actors'

judgements of integrity form relatively quickly in the course of a relationship and are often a determining factor in actors joining forces in the first place. However, in this context, it is worth considering that access to public joint marketing resources seemingly is the primarily appeal of the network, which potentially may have the result that specific collaborative network activities may be of secondary importance to network members in the long term.
In terms of establishing trustful relational links between the network members we yet again turn to the notion of firm complementarity reflected in the firms' diversity (i.e. organisational distance):

> If I was a member of a network entirely made up of restaurant-keepers, whom I actually feel wanted to steal my ideas, then maybe I would keep my ideas to myself (Interview H, 37:43)

In the context of The Food Network, specifically the network members' complementarity is argued to be a highly contributing trust building factor as a few network members are in direct competition, which signifies that fear of losing customers to competitors, and potentially revealing or giving away valuable firm and industry specific knowledge, ideas etc. is limited. Thus, the network's heterogeneous nature gives members the possibility to shop around in terms of who they wish to enter into a potential formal or informal collaboration with, in or outside the formal network structure facilitated by VER (cf. Hjørdie (2006), chapter 4, section 4.1). In fact, VER urge development and engagement in these self initiated network activities. Despite the positive aspects of The Food Network, along with the apparent trust building factors (i.e. integrity, firm complementarity and shared views and purposes) that has the potential to lead to strong embedded ties between network members, one STF, a restaurant and hotel owner (Interview H), suggests possible impediments in relation to collective activities progressing continuously in network such as The Food Network.

In the chapter presenting the STFs (cf. chapter 8), interviewee H is introduced as an entrepreneur in the sense that she is risk willing in her business ventures, and always seeks to actively improve her business in terms of product and process (incl. human resources); for instance she is not afraid to seek out new customer segments or invest in new projects (economically and time-wise). Indeed, when I generated the empirical data for this study, interviewee H was on several occasions (Interview C, F, A, D) brought up as an example of a specifically active, development-oriented and simply interesting business-owner which the study would benefit from including. It is evident that interviewee H's reputation as an entrepreneurial spirit is strong throughout the municipality and that the other interviewees regard her as a person of high integrity. This is also reflected in her own perception of the fact that many of her business relations actually build on firms, organisations, and networks contacting her on account of her good reputation as an initiator and her ability to look ahead (Interview H), as opposed to her initiating contact. These findings confirm the argument by Mayer et al (1995) that a good reputation makes it easier to be accepted as a network actor. From a resource perspective (cf. Håkansson & Johansson (1992) in chapter 4), interviewee H is an example of a strong resource capacity as she contributes with an entrepreneurial drive that has been suggested within existing tourism research to be limited among STFs (cf chapter 3). When interviewee H joined The Food Network, she did so seeking the same benefits as expressed in the quotes above (i.e. get to know other local businesses (know-who), obtain new knowledge (know-how), develop food products and experiences). However, as the following quote demonstrates, reciprocity and mutual investments on the part of the network members are critical if to maintain network activities and keep network members invested in the network, cf. Lipnack & Stamps 1994; Benassi 1995; Hjørdie 2006 in chapter 4, section 4.1:

> Sometimes I get really unhappy when I find myself to be part of a network that isn't going anywhere. It is important for me that it isn't only in the start-up phase that we are to be pro-active. It isn't that we all have to reach the same goal, because when that goal it reached then the network runs out of steam. It is the development and the mutual desire to keep on developing [that is important], right? So if I don't feel that I really get anything in return in terms of sparring from my fellow network members, well then I have to move on. Given that I am young of age [33 years old] (…) it is also important for me to find some people whom I know may be better than me and whom I can learn something from. However, contrary I often feel that generally I am the one teaching. Don't get me wrong, I really like sharing my experiences and inspiring others, it is a big part of my everyday to inspire, but it is important that there is a relation where I feel that I get something in return (…) (Interview H, 25:30)

The example illustrates how important it is that network members' network expectations are meet if they are to stay invested in the network, and that network actors match their expectations to ensure that they are committed to the same cause, i.e. have a shared purpose, direction, and understanding, e.g. the resources they individually invest in the network, cf. (1997, Hjørdie 2006). Specifically, the example points to the notion of network members' continuous reciprocity as a critical factor in terms of the resources and energy they individually invest in the network with the purpose of developing as a collective unit. As indicated in the quote above, if The Food Network in full no longer is able to facilitate e.g. inspiration, discussions and competent feedback on ideas, then the relational ties constituting the network no longer have the same value as in the early stages of the network's lifecycle (cf. relationship end-stage, Hefferman (2004) in chapter 4, section 4.4.1). The result may be a downward spiral of network actors affecting each other negatively, i.e. network members no longer see any benefits worth investing their resources for. Network members' commitment and dedication may fade, despite a fundamental wish for the opposite, namely that the network keeps on developing, being proactive and forward-looking in its ventures. Some members of the network may be more oriented toward the marketing benefits of the network than toward product development and learning and exchange, which seem to be the focus of interviewee H. Different benefits sought by different network actors in the same network will very likely make these actors invest their resources in different ways, which highlights how important it is that network members' expectations are matched in the very early stages of the network lifecycle.

Another key point in a situation where a local community regards an STF-owner as an STF-flagship is that they as a result of this perception are prone to put their trust in that person[40], and most likely perceive the networks, activities and projects that this specific actor takes part in as quality approved, and worth joining and investing resources in. A (unforeseeable) network exits (cf. Håkansson & Johansson (1992) and Uzzi (1997) in chapter 4) can be a condition that may transform the potential development of embedded ties into a liability as

[40] As an illustration, interviewee H has written the preface text in the joint recipe booklet, Illustration 9-2. She is the first firm the readers of the booklet see, and most likely view as the representative of the total product and its quality. Indeed, she can be argued to be used as an icon or a manifestation of the image the network wishes to portray.

there is a significant risk of the network losing its driving force when an essential actors decides to leave and other network members may exit as well. It is a challenge for VER to maintain the network members' reciprocity in terms of network enthusiasm, energy and investments if the network is to continuously develop collectively. Relating to the challenges of The Food Network, the VER-consultant states:

> One of the challenges connected to the networks we facilitate is fundamentally that they probably are over-serviced (…) A thought that we often work with is to make these network more self-propelled and get the actors to run the networks themselves. In The Food Network we specifically are working toward turning the network into an association and getting a board established. But the challenge also is that we want to keep on having some influence, and at the same time network members have also been spoiled these last couple of years due to us doing all the work. So, getting them to form an association is maybe not the easiest thing, if we are to be totally honest…but we are working on it (Interview B, 24:57)

So far network activities have been 100 % initiated, facilitated and coordinated top-down by VER, and as implied in the quote this may be a challenge in terms of maintaining a continued high level of dedication and pro-activeness from network members. The VER-consultant suspects that if The Food Network was managed by its members and not by VER, the network would most likely focus on marketing over product development; two areas which at the time of the interviews are equally valued in terms of formal network aims (Interview B, 26:28). Moreover, it appears that a risk pertaining to publicly funded, facilitated, organised and managed networks may be that the members' commitment and dedication falter if the network is overly supported. Extensive public support is in this context argued to potentially breed complacency, and (STF) network member resources and investments potentially coming to a halt, which implies that the development of relational ties and tie benefits (such as knowledge sharing) also come to a halt. In the worst case scenario, key network members start leaving, which very likely has a negative effect on the network-drive, as discussed above. The above quote also insinuates that VER's initial focus was on establishing the network, whereas how to manage the network in the long term is thought of as things progress. This approach does not comply with Hjørdie's (2006) argument (cf. chapter 4, section 4.1) that a networks need to be managed, have a clear direction, be clear about who (person/group) leads network activities, i.e. who is responsible for facilitating and coordinating network activities, and avoid misunderstandings, chaos and general insecurities which may result in network goals not being meet.

As implied by one of the interviewed STFs in terms of securing the drive and pro-activeness in her networks: “it has to be private that kind of thing, not public, that is what I think”, however not neglecting the value of publicly initiated activities in terms of e.g. gaining access to financial resources (Interview N, 57:19). Nonetheless, the statement points to the possibility of bottom-up initiated networks that emerge on account of personal investments and the wish to fulfil personal and self-identified needs having a higher success rate in securing a continued STF-network dedication compared to top-down initiated networks e.g. facilitated by local public authority sponsored bodies, such as VER and VV. The statement suggests that publicly and privately initiated networks serve different purposes in the eyes of the STFs, and are thus prioritised differently. The publicly initiated networks specifically provide access to monetary resources and, as suggested by the VER-consultant (Interview B), access to resources that facilitate marketing and product development initiatives. Publicly initiated networks can give STFs access to resources so that STFs do not have to invest all their own sparse resources to benefit from public network activities. This leaves STF-resources for other and potentially privately organised network activities, which are outside the scope of the political agenda and thus of initiatives taken by local public authorities.

Despite the challenges discussed above in terms of forming long term relations in publicly initiated, facilitated and coordinated networks such as The Food Network, the network also provides positive result such as local firms’ increased knowledge of one another. This kind of network also appears to have an additional benefit along side obtaining the formalised aim of the network (i.e. joint product development and marketing). For instance, interviewee H points out that The Food Network has resulted in a networking relation between herself and one the other network members, who is now one of her primary suppliers. This is a specific example of VER bridging two otherwise divided actor, giving them the opportunity to access external knowledge sources. This collaboration will be examined in more detail later in section 9.3.3.2 on STFs and their local suppliers. The following focuses on the knowledge processes and strategies facilitated by VER.

Based on the interviews with the VER-consultant and the STFs, the two parties do not appear to be closely linked generally. First of all, VER does not appear to be an actor that the STFs view as essential or in any way are dependent upon or need to run their businesses. Secondly, it is implied that a perception has existed in the public business development culture that STFs in many cases have low level of professionalism and therefore are not viewed as "the right kind of firm". Public business development resources have seemingly not been directed at this type of businesses before national and regional political focus was directed at this occupational group. Moreover, comparing VER to the destination-level tourism specific network structure with VV at its centre, the STFs do not have the same dependent relationship to VER as they do to VV. A key indicator explaining the STFs' rather weak relational link to VER may be VER's overall focus on business development rather than on marketing. In the section on VV, the latter proved to be the primary activity binding the actors together on an overall destination-level in a tourism context. Indeed, the relationship between the STFs and VER as a public formal umbrella organisation on destination level can be described as one-way in the sense that VER offers specific professional guidance and feedback, and facilitates access to specific knowledge sources concerning legal advice, and access to general information via newsletters etc. but there seems to be a limited tradition of making use of these services. As such, similar to VV, providing the STFs with the opportunity to acquire both tacit and explicit knowledge within the categories of know-what, know-how, know-why and know-who alike.

The knowledge categories (cf. Johnson et al (2002) in chapter 5) pertaining to the individual business development services primarily are explicit and can be categorised as know-how in terms of STFs acquiring skills and competences e.g. in the use of social-media or how to make a realistic business plan. One of the few STFs that has used public business development service explains why she sought help and how she benefits:

> I have asked to get someone who can help me with my economy, how I can make more money …and with marketing as well. Then he can maybe provide a basis for how to improve my business without it having to cost me half a million. Because sometimes the fact is that you need someone from the outside to look at your business, and that is what I did this spring when I said…:'Well, what can we do better?' Because there are many who make the mistake when they own a business or tourism business, and that is that they lean back when business is going well (Interview I, 23:29)

Tacit know-how in terms of experiences and intuition, and explicit know-why in terms of advice and guidance, can also be argued to be an essential part of the services VER aims to provide reflected on the individual exchange between STFs and e.g. a layer, accountant, marketing expert or VER-consultant that hopefully provides new and instructive knowledge of ways to potentially approach the current STF-problem in another way than so far. Moreover, VER also provides its member with a newsletter reflecting know-what knowledge, but the STFs generally do not seem interested in this information as only a few admit to glancing though these newsletters.

Concerning the STFs, the individual business development services are not the primary leverage of VER in terms of building strong relational links or knowledge benefits. A potential challenge in this respect may be how to design a competence development program that embraces the different needs that are likely to exists in such a diverse and heterogonous group as STFs. Rather, in relation to the STFs VER's leverage as an umbrella organisation at destination level appears to be its capacity to facilitate networking across industries (i.e. know-who knowledge), and specifically VER's investment in joint promotional activities; a capacity that specifically has resulted in the Food Network. Concerning knowledge benefits specifically in relation to The Food Network, it is knowledge of who locally provides which services and products that is of interest and use to the STFs. Partly because this knowledge is being used as access points to gain new sales channels and customer sources, but also in terms of gaining new knowledge e.g. (know-)how to market products differently and more effectively. The forum for this knowledge exchange is provided by VER; and a forum (i.e. physical place) is viewed as beneficial, even necessary, as the actors are much more likely to share tacit knowledge when they are face-to-face and interact in an informal and relaxed environment (cf. Holste (2010) in chapter 4, section 4.4.1). These knowledge types are argued to have a strong tacit dimension (cf. section knowledge types and categories), where also the willingness to share knowledge is a reflection of the level of trust between the actors as discussed in the previous section (i.e. cognitive proximity, mutual integrity, shared network goals and expectation – at least initially).

Moreover, The Food Network has elements of providing know-how and know-why in an explicit form in terms of facilitating access to external knowledge resources. An example is an event where a futurologist held a seminar about future trends in societal changes, fashion, and gender roles. Some of the attending STFs (Interview J, N, Q) have implemented or plan to adapt and implement this new explicit knowledge, combining it with existing knowledge (explicit to explicit), internalising it (i.e. making it tacit), and operationalising it as a specific element of their business and products, cf. chapter 5, Figure 5-1.

> We were advised to be polarised, for instance create a room for father and son, for men, a man's room and it is also along those lines I think. I would like to have a feminine room. I don't have room for it now but when the last two [children] leave home, then we will get a couple of rooms more and I would like to include them and then one of them should be a hunting themed room (…) with some animal skins and such, and the other one should be a more feminine room. At the moment we have a light Nordic style to our rooms, because I think it fits all. But that is something we hear at these [food] network meetings that maybe we are to do a bit more in that vein; men are to have the taste of blood, it is okay if it is a bit dangerous… (Interview N, 32:10)

Regarding VER's business development services, in the few cases where this knowledge is actually practically made use of, can be categorised as STFs applying an exploitative knowledge strategy as the interviews point to STFs applying this knowledge to improve existing products and services, but via external knowledge sources facilitated by VER. In terms of the knowledge facilitated specifically in the context of The Food Network, it is argued that access to new knowledge via external knowledge sources has resulted in exploration strategies seen from an STF-perspective (e.g. the futurologist event); however, on an individual firm-level as the accessed knowledge results in the development and future development of individual firm products and services, contrary to collective development activities. The recipe booklet (cf. chapter 9, illustration 9-2) is based on the local quality food products as well as on the knowledge resources provided by the local technical school in terms of (know-) how to combine the products/ingredients in the recipes. We are dealing with a bundle of different public and private resources that combined reflect an exploration strategy manifested in a new locally unified product approach to the local food producers and distributors, a way of jointly developing and promoting these products and experiences.

Product development and promotional activities along with knowledge of who is who and what we can learn from each other are the essential benefits that the STFs seek and get out of The Food Network. Joint Food Network activities like arranging market fairs and developing the joint recipe booklet, which encompasses elements of marketing and product development in the way the local food products are combined in new ways, along with the central network purpose (namely that STFs have the opportunity to meet and get acquainted across industries) are all top-down initiatives facilitated and coordinated by VER. Besides the fact that the analysis has proven that the involved STFs benefit from The Food Network in more aspect than marketing, the network has laid the ground for the establishment of firm-level networks. The Food Network urges the development of relational ties that develop (i.e. in terms of embeddedness) independently and outside the context of VER’s Food Network.

9.2 Summary: Destination-level networks

Having analysed the two identified destination-level umbrella organisations and in this context the formal networks and collaborative activities within which the interviewed STFs (can) partake, it has become clear that they each serve different purposes and have different characteristics and strengths relating to the organisations’ own ties to the STFs, and the ties they facilitate e.g. by bridging diverse actors and thus provide access to external knowledge sources. Both umbrella organisations and the activities they initiate, facilitate and organise are top-down and destination fixed, which mirrors the fact that geographical and institutional proximity from a macro-level perspective are key conditions that link actors in the context of the two organisations, VisitViborg (VV) and Viborg Egnens Erhvervsråd (VER).

VV and VER are valued differently by the STFs as reflected in the number of STFs that operate formally (i.e. pay a membership fee) within the umbrella organisations, where all interviewed STFs are members of VV, 9 of the 13 interviewed STFs are members of VER. The STFs' relationship to VV reflects the fact that VV is the only formal organisation that is dedicated to developing and promoting the tourism industry within the destination, and the only organisation with public funding (primarily invested in human resources at the VV-office) and political leverage concerning local tourism development specifically. On the other hand, STFs seem to join VER because it gives access to individual business development offers, facilitates networking activities across industries, and in this context joint promotional efforts and product development initiatives primarily based on public resources. However, it also seems that some of the STFs are members simply because that is something they do as firm-owners (a matter of course), although they do not have the time nor the intention to use VER's specific individual business development offers or network activities. Unlike VV, VER is seemingly not viewed as equally essential to STFs' expectations and needs in relation to individual or collective business activities supported by public local authority sponsored bodies. Of course, as pointed to in the analysis, a few of the interviewed STFs have made use of VER's individual business offers, but the overall tendency is that VER is viewed as a fruitful supplement, specifically in the context of The Food Network, to other activities rather than as an essential facilitator or contributor in the STFs' business activities.

Both organisations have loose embedded ties with the STFs. However, by virtue of VV's role as a central public tourism actor, specifically with reference to the joint promotion activities, there is a state of dependency and the ties are thus somewhat stronger than the STFs' ties with VER. Despite the organisations' own moderate tie strength with the STFs, it is evident that both organisations' offer activities that bridge STFs and other destination-level actors who in some cases based on negative and positive shared experiences develop or strengthen existing relational ties. In both organisations arm's length ties are represented by the different consultants and the like who provide STFs external knowledge. Specifically in the context of VV, non-ties between tourism actors seems evident although they are interrelated in providing a unified tourism product and operate formally with VV. In this connection, a characteristic in the empirical data is limited trust between tourism actors in terms of competence and abilities (i.e. providing a good product and service). Moreover, the municipality is of a certain geographical size and it is unrealistic that all tourism actors know each other. Moreover, as will become evident in the firm-level network analysis, relatability and in this context close cognitive proximity based on common experiences and view of business environment, are central conditions that lead to collaboration; the absence of such conditions may also be argued to result in non-ties.

Table 9-1 Network knowledge findings

	Networks					
	VisitViborg (VV) (formal)		Viborg Egnenes Erhvervsråd (formal)		The Food Network (formal)	
Ties						
Embedded	x		x		x	
Arm's length	x		x			
Knowledge						
	Tacit	Explicit	Tacit	Explicit	Tacit	explicit
Know-what		x		x		x
Know-how	x	x	x	x	x	x
Know-why		x		x		x
Know-who	x	x	x	x	x	x
Exploration					x	
Examination						
Exploitation	x		x		x	

Both organisations provide the STFs with vast opportunities to engage in business development activities and access various kinds of knowledge, as illustrated in the table above. Explicit professional knowledge is one of the primary knowledge types the organisations facilitates, however, they also acknowledge the importance of tacit knowledge exchanged in face-to-face encounters between the STFs. A few of the STFs provide individual examples of adapting and applying external professional knowledge to their business in terms of product development (futurologist, VER), i.e. supporting exploration. Moreover, knowledge processes supporting exploration in the context of VER's Food Network on a collective level is present, but may be to a result of top-down initiatives and coordination contrary to initiatives and control being taken by the Food Network's members (i.e. the STFs). Generally, the knowledge facilitated by the two organisations has suggested supporting exploitation, i.e. knowledge access is primarily used in actions that somehow improve current products and services without STFs taking any business related risk or striving for innovative developments.

Both organisations generally experience a lack of STF-interest in and dedication (time and money) to actor/network initiatives initiated, facilitated and offered to benefit the STFs. The analysis points to several reasons for this tendency. STFs and the two organisations point to STFs' limited resources as a key reason that affects STFs' resource investments in public initiatives. STFs generally do not perceive a need for individual business development (with a few exceptions). Relating to VV-specific activities, some STFs feel overlooked and de-prioritised due to their smallness and peripheral geographical location, and they are dissatisfied with the prioritisation of public funds.

Both organisations and the activities they initiate, facilitate and coordinate are top-down managed (although they aim for active STF involvement). A result of the organisations' activities being publicly funded, initiated, facilitated and organised is that they are often pro-active on behalf of the STFs, and do not give them the possibility to get involved from the beginning of these different project/activities. What is more, this top-down approach to collaborative activities also seems to result in activities being overly supported by the public actors which leave limited coordinating involvement for the STFs. STF-ownership of network activities may thus be limited because they never become fully invested.

In both cases, the organisations may be argued to be dedicated to the idea of facilitating networking activities based on the active involvement and dedication of STFs (and other occupational groups). However, how these networks are to be managed on an overall level to ensure firm involvement and dedication in the long term seems to be a problem. As the empirical data suggest, there are examples of both public and private actors' expectation not being meet. A key point in this context is that if actors enter into a collaborative activity with different overall purposes, the resources they invest are deemed to be equally different, just as their expectations to network activities and each other are different.

As suggested in the destination-level network analysis, both organisations provide examples of STFs that are not satisfied with network activities, e.g. the resources they put into the network are not reciprocated, hence the network does not live up to their expectations. As insinuated during the destination-level network analysis, the challenges identified in relation to VV and VER seemingly support the arguments by Grängsjö (2003) and Hjørdie (2006) that umbrella organisations, such as VV and VER, are the ideal forum for members finding each other, connecting and potentially forming formal as well as informal network relations ((Hjørdie 2006); and in a tourism context, that destination-level networks, such as a DMO, that encourage actors to take responsibility and invest their own resources, as aimed for by VV, often result in several parallel networks emerging potentially because existing network expectations are not being meet or business related needs that fall outside the scope of publicly organised network and collaborative activities. This leads us to the next step in the analysis, namely firm-level networks, i.e. bottom-up networks that originate from STF-initiative.

9.3 Firm-level networks

This section concerns STF-level networks specifically. Firm-level networks are *not* initiated, facilitated and coordinated by local public authority sponsored bodies, but build on the tourism firms' own initiatives; possibly as a result of public local authorities urging these networks, or even as a response to initiatives taken by local public authorities. As will become clear as the analysis proceeds, the STFs form collaborative relational ties with a wide range of actors, e.g. other STFs, actors from other occupational groups, and from across destination boundaries. As pointed out in the methodology chapter, the aim of this study is to provide a piece of STF-research that represents a cross-section of the tourism industry's STFs, which based on the case area has resulted in a mix of accommodation establishments, lifestyle and artisanal (work)shops, attractions and restaurants. Accordingly, the aim is likewise to represent a cross-section of the networks in which STFs engage. In this connection, the study turns to Lynch et al (2000) (in Gibson & Lynch (2007)), who based on an analysis of tourism-related network literature have identified a range of benefits that networks contribute to building profitable tourist destinations. The benefits are categorised according to business activities, community value, and learning and exchange. The associated benefit dimensions are presented in chapter 4, table 4-1. The pending analysis of the STF-level networks will thus be categorised according to the three main network benefits, if possible. The aim as such is not to provide examples of networks that fall under each network benefit category. Although this categorisation of the STF-level network is not a key research area of the study, it will definitely be interesting to see if a primary network benefits is sought by the STFs in their firm-level network ventures, and if the STFs network benefits fall out of the identified main categories suggested by Lynch et al (2000) (in Gibson & Lynch (2007)). What is more and as highlighted in the theoretical chapter (cf. chapter 4, section 4.1), the three network benefit categories are recognised as being interrelated, which signifies that one benefit may foster another benefit. For instance, exchange and learning activities are likely to translate into positive business activity outcome and business activity may translate into positive community building. The division of the STF-level networks into these three groups does not mean that the study neglects the other two network benefits. The point is merely to identify if the STF-level networks identified in this study are representative of these benefits as the primary purpose and/or outcome of their network activities.

Based on the empirical data a total of 10 examples of different network structure have been identified varying in purpose, formality, and success. So, with point of departure in the three main network benefit categories of business activity, community and exchange and leaning , the network identified based on the empirical data will be sorted accordingly and analysed in terms of relational ties and knowledge processes.

9.3.1 Business activity-oriented networks

This first section of the analysis of STF-level networks concerns relational ties that build on business activities. The outcomes and associated benefits in this category are according to Lynch et al (2000 in Gibson & Lynch (2007)) related to e.g. cooperative activities concerning marketing and product development, cross-referrals, increased visitor numbers, and repeat business. Six network structures have been identified, of which two are based on the same core of relational ties between a small group of STFs that are dissatisfied with local public authority tourism marketing initiatives concerning the more peripheral areas of the destination. The third network is based on the relational ties between a case area STF and two STFs from the neighbouring municipality that pool resources to access external funding for developing joint marketing activities. Then attention is directed at two collaborative networks constructed of the relations between city-based B&Bs and more peripheral-based B&Bs. The former B&B-network may be argued to be business activity-oriented by way of informal cross-referral agreements, whereas the latter B&B-network intends to jointly market their B&Bs as they have found a commonality in their products and services. The final network concerns a larger geographical area, the Kjellerup area, and the promotional struggles linked to creating awareness of the area as an independent part of a larger destination.

9.3.1.1 The Fair Network and The Coach Tour Network

Section 9.1.1 analysing VisitViborg (VV), the destination’s local DMO, drew attention to the fact that a number of the STFs’ expectations in relation to VV’s overall promotional activities are not being met. Specifically, a small group of private tourism actors are dissatisfied as they perceive that VV destination-level promotional activities do not live up to the demand to include tourist offers from across the entire destination, and not primarily the city of Viborg; and moreover, that destination tourist offers are to be more aggressively promoted at a larger number of fairs across North Europe, e.g. Norway. Consequently, three of the interviewed STFs (Interview L, P, Q) have joined forces with one of the destination’s larger tourism actors, Golf Hotel Viborg & Golf Salonen, to jointly promote their firms and indeed the whole municipality as a tourist dentition. The collaborative network is formal, with a specific purpose and direction, but it is not formally named, and “The Fair Network” is given by the researcher for identification purposes.

The shared motives behind The Fair Network are captured in the quote below.

> We have come together and said that we can do it better ourselves, also as a result of the fact that we get very little understanding concerning our attitude to the fairs in terms of a potential market in Norway. We don't feel that the fair activities have received enough support and then we have as an industry sat down together and set up a working group, also including Golf Hotel Viborg, which we also collaborate with. Because it is good to have the attitude that: "It is no good having a hotel, if you don't have anything to show your guests" (…) So, the Golf Hotel has picked up on this and the hotel's marketing director also says that: "Well, I can neither be without the small or large tourist attractions. I have to accept that even the smallest attraction may be the best". We are four close-knit actors, right? And we appreciate that we have been able to do that, because it was at our first meeting that it dawned on us that VV did not value attracting tourists to the destination and then we started to establish our own marketing group (Interview P, 20:27)

It is clear that it is the joint perception that the tourism firms' resources are not being satisfactorily invested by VV in a marketing context that has brought the actors together to privately organise fair participation. The last part of the quote also points to organisational distance and thus diversity as a key condition for the collaboration between the STFs and the single large firm. The STFs acknowledge that they together provide a unified product; and in fact that they benefit from bundling their complementary products and services, using each other as supportive tourist offers to their own individual tourist offers. As the quote directly implies, what is the point of having a hotel, if the tourists visiting the hotel have nothing to do and see tourism-wise while staying at the hotel? Of the collaboration's four members, the Golf Hotel Viborg is the only large tourism firm. All four actors are above defined as being close-knit, and the interviewee quoted above refers to the STFs as "we", whereas the hotel is referred to as an addition to this group; the hotel is the only network member mentioned by name and practically accentuated as an additional collaborative partner. The quote indicates that despite seemingly strong collaborative ties between the very small firms and the large hotel there is a notion of 'him' and 'us'. An unintended division perhaps, but it points to the fact that the STFs do see themselves as a joint entity working under different conditions, for example far more limited resources than larger firms. This is an example of the cognitive proximity that appears to exist between the three STFs around which the Fair Network is centred. In comparison to the large hotel, the STFs can connect on more levels as they experience many of the same struggles that pertain to small tourism firms.

A similar example of the shared dissatisfaction with VV and conditions for establishing collaborative links between the four actors are expressed in the following quote:

> (…) now we are doing it ourselves, a group of firms from within the Viborg area, because we think that maybe VV has not done what they are supposed to do. Consequently, we have ourselves attempted to popularise Daugbjerg Kalkgruber, Hajrbæk Ravsliberi, Golf Hotel Viborg & Golf Salonen and my own firm of course by attending fairs. But when we attend the fairs then we cannot avoid, and that is neither the intention, telling about the other tourism firms. Because if anyone asks: "Isn't there a camping site near by?"; "Is there somewhere that we can visit, when we arrive?", then of course we tell them about the other tourism offers in our area as well. We know them well and collaborate with them as well, so we know each other very well so we can support each other,…but it is not everyone who has the energy to attend fairs, it costs a lot of money, but we have kind of decided that this is what we will do. (Interview Q, 04:54)

The Fair Network appears to function as a supplement to the overall destination marketing efforts provided by VV in the way that the network not only promotes its own firms but also the destination as a whole; indeed acknowledging the importance of offering tourists a unified product (cf. Grängsjö 2003) and the fact that they as small firms cannot attract tourists on their own. In contrast to VV, the privately organised fair network does not charge VV or the other tourism firms to bring their brochures to fairs. The fact that VV actually does charge extra to bring along brochures from the tourism firms to fairs where VV represents the destination is described as "bad collaborative behaviour on VV's part" (Interview Q, 13:13). From the perspective of the STFs, this statement gives the researcher's designated name for the network, i.e. The Fair Network, a different meaning; the network group brings each others' brochures to fairs for free as an act of reciprocity, to do each other a favour. Furthermore, this act may be argued to display benevolence and goodwill trust (Mayer, Davis & Schoorman 1995; Sako 1992) in the sense that the privately organised fair Network is not expected to bring along brochures from others, but do so anyway. Displaying altruism and faith in the relationship The Fair Network group has and/or wishes to develop with the other tourism firms within the destination possibly reduces relationship uncertainty and the inclination to guard against opportunistic behaviour (cf. Bhattacherjee (2002) in chapter 4, section 4.4.1) consequently strengthening the sense of community among the local tourism actors. VV's charging tourism firms to bring their brochures to fairs seems to drive a wedge between VV and the STFs in The Fair Network, hence weakening the possibility of developing strong embedded collaborative links between the two parties. However, it strengthens the relational ties between The Fair Network's members, as it gives them another shared (negative) experience with VV and supports the STFs in their belief that they can do better by investing and self-administrating resources by privately organising their fair activities (Interview P, Q). These shared experiences and views of the business world the STFs operate in, i.e. their challenges, opportunities, and possibilities, provide an example of the increasing cognitive proximity that exists between the STFs which as discussed strengthen their relational ties (cf. chapter 4, section 4.5).

It is evident that there is dissatisfaction with the current joint promotional efforts in the context of VV owing to an alleged distinction in terms of marketing efforts for the city of Viborg and the more peripheral areas of the municipality, respectively.

> (…) what about starting with taking a look at where our destination starts from the northern, the southern, the eastern, and the western boundaries. Every little attraction must be included. It is no use sitting within the city limits thinking that it is here the action is, because then it all falls to the ground. (Interview P, 22:55)

Regarding fair participation in the context of VV, the STFs (Interview P, 18:18, Interview Q) insinuate that their dissatisfaction is also linked to how the fair activities are organised from a professional aspects (e.g. too expensive, limited visibility at fairs, not the "right" fairs), indicating a lack of trust in VV's will and ability to enable the, according to the STF, necessary promotional activities that will bring tourists to the destination (cf. Mayer et el (1995) and Sako (1992) in chapter 4, section 4.4.1). It shows that the relational ties between VV and the STFs are far from embedded in the full sense of the word. Rather, they are very loose embedded ties with low levels of trust and commitment, in this case because the STFs feel let down as their network expectations have not been fulfilled.

The STFs describe relationship among the members of The Fair Network as close-knit and very comfortable due to the fact that ‘they have known each other for years and have attended many of the same fairs throughout the years’ (Interview P, 24:54, Interview L, 18:31); time spent together informally when e.g. eating lunch and dinner has also contributed to the network members getting to know each other on a more personal level, i.e. ‘knowing each other strengths and weaknesses’ (Interview Q, 49:55) and ‘peculiarities’ (Interview L, 18:31). One of the STFs (Interview L) points to the fact that it is the more informal situations, such as lunches and dinners, that result in the actors getting to know each other ‘in another way that if you only [work together]’ (Interview L, 27:10), hence insinuating the perceived value of knowing each other on a more personal level. The latter implies that the network bears characteristics of a personal nature (cf. Gibson et al (2005) in chapter 4, section 4.1), i.e. network members most definitely interact for business purposes, but at the same time the personal interaction is a key driving force and basis for the network. This is similarly implied when the interviewed STFs refer to the fact that they have known each other for years, which in terms of proximity can be argued to reflect the close social proximity that has developed as the STFs are a part of a larger whole as contributors to a unified destination tourist product (i.e. close geographical proximity). This commonality factor is also reflected in the shared experiences and views of the business environment within which they operate and affects interactions over the years (e.g. attending fairs[41], VV information meetings, or as members of the tourism association’s board).

As discussed previously in relation to The Food Network initiated, facilitated and coordinated by VER, actors’ reciprocal perception of each others’ integrity is a key building block in terms of trust when forming relationships that over time have the potential to become strongly embedded and long term. This is also the case for this small group of tourism actors. As previous quotes point to, there is a mutual perception of the firms’ integrity concerning their investment in providing a joint marketing effort. Benevolence and goodwill trust have on the other hand been categorised as trust components that develop along with the relational ties as actors solve joint problems in an equitable and efficient

[41] See e.g. the following link for press coverage of a joint promotional activity in 2005, www.turistnyt.dk/news/Rejsenyt/9906.html (Turist Nyt 2005).

manner (i.e. relationship growth sage, cf. Heffernan (2004) and Schoormann et al (2007)). As the quote below illustrates, these trust components characterise the relational ties that exist between network-actors:

> There is no doubt that when you over the years attend fairs together, well then you get to know each other for good and for bad. We know each others' strengths and weaknesses and we can help each other if we are in need of that. So, that most definitely contributes to us being able to support one another, also in such a way that we send tourists back and forth between us when they are in the area. That is, the better we know each other, the better it is, I would say. When tourists visit me out here, well then I try to guide them to the tourist attractions that are in my neighbouring area, and then I hope that they [the other tourist attractions] have the time and energy to do the same (Interview Q, 49:55)

The quote points to the length of the relationship as a determining factor as network members get to know one another and experience success as a result of joining forces. The quote provides a practical example of trustfulness (benevolence, goodwill) between the actors expressed by the fact that they are comfortable sending tourists each others' way, accordingly helping to build each other's firm's revenue. There are aspects of doing favours that are not required or necessarily rewarded, and the goodwill trust that exists between the actors implies a reciprocal expectation of open commitment.

The three STFs have singlehandedly initiated and engaged in yet another collective activity which similar to The Fair Network is a response to the (from their perspective) lack of promotional focus on the municipality's peripheral areas to which they belong. They (Interview L, P, Q) have initiated a collaboration to bundle their products based on the strength of them being diverse and complementing tourism offers (i.e. organisational distance). The purpose is to provide a unified product, specifically aimed at attracting Danish as well as foreign, Norwegian, Swedish, German, coach tour operators to their individual firms but also the municipality (i.e. tourist destination) as a whole. Illustration 9-3 shows the three STF-owners presenting their individual products.

Illustration 9-3: Sales material for attracting coach tour operators

The previously discussed conditions for developing strong embedded relational ties between the STFs obviously apply to this specify collaborative activity. Their relational ties show that shared experiences in terms of successful collaborative activities have laid the foundations for additional joint activities, hence testifying to a high level of mutual trust and commitment between the three STFs (cf. Herffernan (2004), chapter 4, section 4.4.1).

When a new opportunity arose to jointly promote their firms, they did not hesitate:

> We received an inquiry about a unified product which would make it easier for the different coach tour operators to plan their tours. That is, they are busy all of them [the coach tour operators] and they would actually appreciate a processed product, so that all that they have to do is to look at it and say: “Snap!” So, that is what we have done, and we have given them some different choices. It has of course cost us a whole lot of time to produce these offers and also in terms of considerations, also with regard

> to getting some accommodation providers[42] to take part. And we all know that this is not work that will be done in a year, it may take as long a two to three years before the coach tour operators actually remember that we exist. We brought our promotional material to a fair in Norway just a few weeks ago, and took hold of all the coach tour operators, and Anker and Jonna from Daugbjerg Kalkgruber [Interview L] have attended fairs in Copenhagen and Herning where they also have brought the material. So, we take turns in that way, because we cannot attend all the fairs, we cannot be everywhere at once, we cannot afford to do that, any one of us (Interview Q, 14:28)

At the end of the quote, time and financial resources are yet again pointed to as sparse among the STFs. As this specific example illustrates, the STFs help and use each other taking turns distributing their joint promotion material, and making the most of their collective resources, moreover trusting each other to promote each others' firms alongside their own. This shows strong relational ties and how network members' individual resources are bundled for collective benefit. Additionally, the above is an example of goodwill and contractual trust (cf. Sako (1992) chapter 4, section 4.4.1) among the STFs as they have mutual expectations of open commitment to each other and an agreement to represent and refer to each others' firms at fairs etc. These trust factors imply the absence of opportunistic behaviour and underpin the fact that the actors have established strong embedded ties which they will not jeopardise. Of course, as pointed to in chapter 4, there is always the possibility that relational ties are cut or fade out as the benefits cease to exist.

The current collaborative set-up between the three STFs, however, has proven to be so successful that they are hesitant to include new members in their "close-knit" group (Interview P). One of the STFs tells the story of when a neighbouring shop becomes aware of the coach tour operator-collaboration:

> (…) I was served a shot due to me engaging in this collaboration without asking the firm across the street from me (…) where I explained a little about the collaboration, why we have chosen to do as we do, that we jointly have made our own product, she could actually see the point of that..(…) (Interview P, 29:45)

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[42] In their promotional material the three STFs list four hotels which the coach tour operators can use if they engage in an all-day experience, which includes breakfast, lunch and dinner at the three attractions, respectively. However, these hotels do not seem to be a part of their network.

The focus is on the existing network structure (i.e. members) and the purpose and success of that, indirectly implying that potential new members are not easily considered, if at all. The same interviewee elaborates on a potential expansion of the small network group:

> Well we are attractions, but we are mixed with accommodation providers and other experiences, right? I don't know, one could say that if there were twenty others who wanted to join, then there would be one making ceramics, and others doing something else and so on, but at some point you return to the point where you produce your own separate folder (…) But it is evident that if there were four amber cutters or five limestone quarries or three snaps producers, then it wouldn't work either. That we have a beer producer is one thing, snaps is something else, right? We can also find some glass blowers and ceramics, (…) which also cannot be directly compared to amber, so in that sense then there wouldn't be any risk of spoiling anything by involving others (Interview P, 28:23)

The quote is ambiguous because the interviewed STF is aware of and acknowledges the quality of bundling complementing tourist offers in terms of providing a unified product but also in terms of pooling recourses for joint promotional activities. On the other hand, the first part of the quote points at the risk of becoming too many, and as implied, resulting in the individual firm losing its opportunity to set itself apart from the rest of the destination's tourism offers. Moreover, an element of insecurity about network actor composition is detectable in the last two quotes, in the sense that the network's core consisting of the three STFs know who they are dealing with and what they have, but they do not know what they will get if they include new members in the network. As argued in chapter 4, section 4.1, network actors, resources and action are interconnected (cf. Håkansson et al (2004)). Changes in e.g. the composition of actors will result in changes that may create uncertainty about loss of power and network influence, or about the direction of network activities as an increase in the number of network members also means an increase in the number of opinions to consider before network activities can be effectuated. New members may however also be argued to introduce innovative ideas and solutions that may strengthen network activities and overall market position of the firms. As argued by Grabher (1993) in chapter 4, strong social ties (i.e. embedded ties) can change 'from ties that bind to ties that blind' (Grabher 1993, p. 24) as a result of network actors' complacency, potentially resulting in limited network initiative or rather that network activities fail to develop and innovate.

The following section specifically focuses on the knowledge processes in The Fair Network and The Coach Tour Network.

The relational ties analysed above centred on three of the interviewed STFs (Interview L, P, Q), which participate in both The Fair Network and The Coach Tour Network and have been identified as highly embedded, i.e. long term, close-knit, personal relations reflected in a high degree of reciprocal trust, information sharing and joint problems-solving (cf. chapter 4, section 4.3.1). As suggested in the theoretical section, embedded ties primarily facilitate tacit knowledge, e.g. relating to the daily routines of the firms, but also experiences and more personal matters, such as the success of the firm as exemplified below:

> The sales and marketing director of Golf Hotel Viborg, I travel with him and we attend fairs together. We often sit and talk economy, because we are connected. If they don't have any guests, then we don't have any guests. If they don't have any busses from Norway, then we don't have any busses from Norway. It is all so strongly connected, and that is a fact that must be remembered…and we are not two hotels, we are two completely different things, so we can easily talk about these things (Interview P, 09:14)

The above is an example of the exchange of tacit knowledge, i.e. knowledge that refers to the daily routines and challenges which the firms are up against and how this affects them economically. The interviewee stresses that the subject of his firm's economy indeed 'is a very sensitive topic' (Interview P, 09:47), i.e. it is not something the firm-owner talks about openly with anyone. During the interviews with the STFs, economy is on several occasions mentioned as a specifically private topic that is not discussed with others as it may incite rumours or opportunists behaviour. Sharing the type of knowledge mentioned in the quote is an example of knowledge that is shared due to the reciprocal trust between the two actors. They are not keeping up protective facades to hide insecurities relating to the firm, which illustrates that there is no fear of the actors abusing each others' trust. Rather, they discuss with one another and give feedback to help one another and strengthen their bundle of collective resources, e.g. by suggesting new business solutions concerning technical assistance (Interview P, 08:56). The focus is on the sharing of experiences and intuitions reflecting the knowledge category of know-how (cf. chapter 5) with the purpose to learn from each other and in that sense evolve as a business. A knowledge creation process that can be characterised to fit Takeuchi & Nonaka's (1994) socialisation process where tacit knowledge is converted into tacit knowledge in this case via informal dialog between the actors involved.

As pointed to in relation to the quote above, the relational ties between the actors involved facilitate transfer of tacit know-who knowledge. Interviewee P needs assistance to develop and maintain his website as he does not have the time or the interest to do it himself:

> It is actually Birthe's son who is very talented, he is my webmaster (…) He has a small independent business and he does not want that many customers because he has a fulltime job as well. So, you also have to be a bit patient with Nikolaj [the web-master], because he is not the type that you can phone at 2 o'clock at night because your website crashes and you want him to help. He provides help when he has the time and that is the conditions. Contrary, I am not presented with an excessive bill (…) I also wanted to turn my attention to my expenses. How can I optimize the firm's economy? (…) Indeed, Nikolaj is a sweet young man and Bithe talks very positively about him…also because I was about to get involve with a big company in Viborg and it would have cost a packet every time they were to take a look at the website (Interview P, 05:33 -08:56)

First of all, the quote points to the actors' close-knit relational tie facilitating tacit know-who knowledge; and even more importantly, the actual establishment of a new significant tie based on this existing close-knit tie (cf. Jack (2005) in chapter 4, section 4.3.1) reflected in Birthe (Interview Q) referring her son by virtue of his web-skills as a possible solution to Hans Heinrich's website problem (Interview P). Secondly, the quote yet again shows that the STFs discuss and express their troubles and provide help within their individual capacity, thus exploiting internal network resources.

The strong embedded ties characterising the group of STFs is associated with specifically the sharing of tacit knowledge (know-how, know-who) resulting in positive business development activities, both individually and collectively. However, as expressed in chapter 4, there is another dimension to relational embedded ties. A possible consequence of socially strong and morally obligated relational ties, as in this case, is that they may constrain the extent of network activities, e.g. actors do not search for and are open to new impulses and information from external sources (cf. chapter 4, section 4.3.1). This has proven not to be the case for the three STFs described here. In addition to utilising their close-knit relations as sparring partners, they are very aware of potential external opportunities provided by arm's length ties. For example, they follow up on the product request by coach tour operators and their initiative to collectively develop their businesses' competitive advantaged and success possibilities in this respect. This product request is presented by way an arm's length tie (a coach tour operator company). Moreover, as described in the chapter introducing the individual firms (chapter 7), each of these firms are dedicated to developing their firms and take financial, creative and time-wise risks in terms of investing these resources in running and managing a business.

To improve and to enhance promotional activities is the primary purpose of the actors in The Fair Network and The Coach Tour Network. As detected in the destination-level networks, STFs' collective activities are initiated to get the STFs closer to an actual sale. Participation in fairs is not a new activity and the activity cannot be categorised as explorative. However, the organisational process and coordination of resources that lay the ground for the STFs' participation in fairs in context of The Fair Network is a new and risky activity that is a result of the sharing of tacit knowledge between the involved actors. New knowledge is created in the sense that the STFs have learned that they have shared experiences and dissatisfactions (know-how) that result in them taking matters into their own hands, thus, initiating new methods to attend fairs. Furthermore, providing the destination's tourism firms with a free supplement to that of VV in terms of bringing along firms' individual brochures to fairs and promoting the destination as a whole. In fact, providing especially the destination's smaller and peripheral tourism firms with an informal bottom-up, private and peer-based marketing group which, based on the interviews, has the fundamental attitude that the destination should reflect a unified product and that it is the tourism actors' reciprocity e.g. in terms of cross-referrals that builds a strong tourist destination. Indeed, these activities are supportive of positive community building.

In terms of knowledge strategies, the knowledge sharing between The Fair Network's members and the resulting activities may be argued to reflect an exploration strategy in terms of a new approach to joint promotional activities, as summarised above, a strategy facilitated by strong embedded ties. What is more, a s a result of the interaction between the STFs and the coach tour operators (an arm's length tie) new knowledge has entered the STFs' knowledge sphere, namely that they can provide a product that is in demand, and as such their use of external knowledge along with their willingness to invest money and time in this project without being sure of its outcome, surely reflects the effectuation of an explorative strategy due to the resources invested and risks and uncertainties associated with the activity. However, as discussed, the two networks also provide other benefits. Offering feedback and even possible solutions is seemingly a natural element of their relationships; and they are exchange and learning activities that both support the examination as ideas and thoughts are tested internally in the network, and exploitation as advice and recommendation are followed and applied in a business context. The analysis has proven that close-knit relations facilitating tacit knowledge (know-who, know-what) in this case support exploration, examination and exploitation alike. In addition, the STFs collectively make use of external arm's length ties facilitating explicit knowledge/information (know-what) in their quest to promote and sell their products and services in new markets and context, thus reflecting exploration of knowledge in this context as well.

9.3.1.2 The Offbeat Network

The Offbeat Network is a collaborative network between one of the interviewed STFs, Daugbjerg Kalkgruber (Interview L) and two STFs from the neighbouring Municipality of Silkeborg, namely the attraction Hjejlen, the world's oldest paddle steamer in its original state, and the attraction Labyrinthia – The World of Mazes, a theme park for mazes and puzzles (Offbeat Denmark 2010). The network is based on resources from the Alexandra

Institute,[43] and with assistance from the Alexandra Institute The Offbeat Network has formed a strategic alliance focused on marketing via a new joint website. The offbeat-website[44] is primarily targeted at foreign tourists but also at Danish tourists who are looking for attractions that are 'not the most obvious tourist attractions', as described by the network itself and signalled by the network name 'Offbeat' referring to the attractions being something unusual, unconventional and distinctive in comparison to other tourist attraction (Offbeat Denmark 2010).

To start at the beginning, The Offbeat Network is a spin-off of another network, Attractions in Jutland (Opdag Jylland 2011), of which the three attractions are members and the context in which the three STFs became acquainted. The network consists of a cross-section of 25 large and small, publicly and privately owned tourist attractions across Jutland. The network is initiated by public-level authorities and has a public-level network coordinator (regional tourism organisation, VisitNordjylland). The overall purpose of the network is to establish joint marketing for tourist attractions in Jutland. These promotional efforts e.g. include a joint website; a joint brochure; cross-referrals via website, and exchange of individual brochures (Interview L). Additionally, the network facilitates know-who knowledge in the sense that the 25 attractions visit each other (in the low season) and exchange brochures, which gives them information about each other, what they each represent product-wise, and possibility to share experiences (Interview L, 27:31). It was in this context that the initiative to form The Offbeat Network emerged, as the initial contact between Daugbjerg Kalkgruber (Interview L) and the network initiator, Labyrinthia, was established when the firms met to exchange brochures:

> (…) it was when we were along with Labyrinthia that we started the project (…) We didn't really know them, not really, but we arranged to meet up in the city of Viborg and then we were to talk it over (Interview L, 27:58)

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[43] The Alexandra Institute A/S is a research-based limited company that bridges the gap between the IT corporate sector, research and education. For more information see www.nfbi.dk/uk/about/index.htm and www.alexandra.dk/uk/About_us/Pages/default.aspx (The Alexandra Institute 2010)

[44] www.offbeat-denmark.com (Offbeat Denmark 2010)

The above is an example of Heffernan's (2004) pre-relationship phase, where the search for potential collaborative partners is initiated, where the meeting mentioned in the quote provides the opportunity for the businesses to scope out each others' businesses, determining if they match and live up to each others' expectations. The meeting may be argued to be a reciprocal attempt by the involved actors to evaluate each others' integrity as STF-owners, an important step on the way to building trust between the actors (cf. chapter 4).

The Offbeat Network has existed for about three years, and it is a formal network collaboration. According to Interview L, the owner of Labyrinthia approached them because to apply for a grant from The Alexandra Institution he needed to find two other small privately owned attractions so as they altogether offered different tourist experiences. The three firms got the grant, but the three attractions never physically got a hold of the money. The Alexandra Institute spent the money on customer surveys and developing a joint website for the three attractions (Interview L, 10:20). It is apparently the necessity to pool resources to access external funding and development opportunities by way of new external knowledge resources that have tied the three attractions together in this specific network with the joint purpose to make their firms more visible on the tourism market, individually and as a unity.

As pointed to above, the three STFs' organisational diversity provides the basis for the further development of their initially very loosely embedded relational links via the Attraction in Jutland network. As strongly emphasised in the interview with interviewee L, the fact that all three are small privately owned tourism firms is an essential condition of their ability to form this marketing alliance. The quote below illustrates the influence of ownership circumstances in terms who interviewee L as a small private tourism firm is interested in forming close collaborative relational ties with:

> J: Well we are (…) private firms, so that means a lot, that you don't get public finding, yeah.
> A: There are many museums and such in the network [The Attractions in Jutland], they talk a bit differently, that they do

> I: They have different resources?
>
> A: Yes, exactly, yes. (…) Well, they are not at all indifferent to the fact that tourists visit, but they think differently, it is about getting financial resources from different areas, right? They are merely to have tourists passing through. That is that (Interview L, 09:58)

Later in the same interview, the STF-couple refers to the publicly owned lime stone mine of Mønsted, which is located very close by and described as a competitor.

> J: We cannot innovate in the same way that they can…they simple get so much money from the various funds, because that is a possibility when you are not privately owned, yeah? (...)
>
> A: If we are to make any changes then we are to earn some money first in order to do so. That is just the way it is (Interview L, 52:31)

The quotes address the specific situation of developing close collaborative links between privately and publicly owned tourism firm, and the last quote specifically accentuates the perceived differences between private and public tourist firms in terms of e.g. accessing funding for renovation and innovation. The different institutional set-up in terms of what is legally possible regarding funding possibilities is indicated as a hindrance to creating close embedded relational ties between public and private tourism firm owners, as the interviewees do not perceive public actors to abide by the same rules and regulations or have the same experiences in terms of possible impediments and challenges. In this specific example, the macro-level institutional framework is a circumstance that is projected in the individual firm's cognitive processes. Indeed, the notion of private and public firms 'talking differently', as insinuated in the first quote, clearly suggests that private and public tourism firms from a cognitive proximity perspective have different approaches to running their firms as they do not share a reference frame (cf. chapter 4, section 4.5). These circumstances affect the possibility of collaboration negatively, because as suggested by Boschma (2005) institutional and cognitive distance between actors may signify that actors are likely to have a hard time learning from each other due to dissimilar knowledge-base and experiences with running their firms. This supports the argument put forward by Cohen & Levinthal (1990) (cf. chapter 5, section 5.4) that if actors are to successfully collaborate and benefit from each others' knowledge resources, they have to have a shared language. Not only verbally, but also in a cognitive sense so that they can relate. A 'shared language' thus strengthens the actors' immediate willingness and ability to recognise the value of potential important information, assimilate it and apply it to commercial ends. Furthermore, as pointed to in the interview (L), the question of close collaborative ties between public and private tourism firms also brings along the aspect of possible differences pertaining to large versus small tourism firms. This aspect only adds to the STFs' perceived difficulties in forming collaborative relations with public actors; not only in terms of financial resources as discussed above, but also in terms of the human resources available to carry out the daily tasks. In fact, the notion of large versus small tourism firms is also a contrast that is brought up by some of the other interviewees (e.g. Interview E, N, Q). When they describe their challenges, they are often expresses in sparse resources (time, money and human); challenges that the STFs perceive to be non-existing in large or publicly owned tourism firms. These tourism actor differences may be linked to the perceived difference in network power when comparing STFs resources with those of large and/or public tourism firms; thus, potential network power discrepancies may have the effect that the STFs have less leverage as network members and thus less network influence. Potential critical reasons for STFs not having specific desire to engage in collaborative relations with actors that from an institutional, cognitive and organisational perspective are too far away from them.

In that way, the commonality of being small private tourism firms having the same frame of reference, experiencing some of the same challenges, for instance in terms of accessing external funding, link the STFs in The Offbeat Network. The three actors regard each other as peers and trust each others' competences and abilities, and in addition The Offbeat Network points in the direction of contractual trust in the early relationship phase as important in binding these loosely coupled actors in their new joint activities. Many network activities appear to have been carried out in association with/or by the Alexandra Institute; hence leaving limited initiative, facilitation and coordination of networks activities in the hands of the three STFs. This suggests that they may not have had many shared experiences bonding them and strengthening their relational ties as a fourth party has been setting the overall network activity agenda. However, the network experience and activities have been positive and the relational ties between the firms have been becoming more embedded as emphasised by the fact that they intend to apply new funds based on their successful collective effort of pooling their resources.

The specific knowledge benefits of The Offbeat Network do not appear to be strongly linked to the relationships between the three attractions. Rather the benefits linked to their relational ties lie in the joint ability to access external knowledge by way of pooling their individual resources. In association with The Alexandra Institute, The Offbeat Network's is described as a marketing alliance whose primary task is to market their attractions more efficiently, specifically to foreign visitors. Launching their joint website, accessing external knowledge sources via The Alexandra Institute is to be perceived as an embedded tie, that by virtue of it's role as a consulting, guiding and knowledge creating network support entity paves the way. Considering interview L and the institute's project description of the work leading up to The Offbeat Network's activities, elements of both tacit and explicit knowledge come into play and encompass all four knowledge creation processes suggested by Takeuchi & Nonaka in chapter 5, Figure 5-1. The network can be argued to initially be based on a socialisation process where the STFs face-to-face share tacit knowledge in the form of experiences, observations and intuitions and thus create new tacit knowledge in the form of a new shared mental model and shared knowledge-base, for instance their agreement on the benefits of applying for and receiving the Alexandra Institute grant; a knowledge process focused on know-how. The processes of externalisation (tacit to explicit), combination (explicit to explicit) and internalisation (explicit to tacit) focus on the STFs' interaction with the institute by discussing and evaluating their current marketing strategies, developing the strategies based on the institute's research finding, finally resulting in new explicit knowledge in the form of specific strategic areas of action that are up to the individual STFs to implement in their strategies and routines. The research and surveys conducted on each of the three attractions identified a number of shared values that are argued to describe the attractions collectively: clarity, authenticity, naturalness, a historical element and something that the entire family can enjoy together. According to The Alexandra Institute, this is the groundwork that has resulted in the network name, 'Offbeat', the website, and specific suggestions for how to optimise the tourists' experience of the individual attractions (The Alexandra Institute 2010).

The Offbeat Network (as well as the Attractions in Jutland network) is an example of a network that stretches beyond the geographical boundaries of the Municipality of Viborg, just as it exists beyond the involvement of local public authorities of the Municipality of Viborg. Indeed, the involvement of interviewee L in Offbeat and Attractions in Jutland is an example of an STF with very limited financial and timewise resources (who for instance has to supplement firm revenues with regular wage labour to ensure a stable and comfortable economy), and that seeks to access external resources as a way of building firm competitive advantages. Via network activities with extra-municipal actors for instance placing the firm in a context where it officially is categorised as and thus associated with some of Jutland's 'biggest and best attractions providing quality experiences for the entire family' (Opdag Jylland 2011). It is an example of a STF that is oriented toward creating relational links to other tourism actors as these links may develop and facilitate access to new business development opportunities, e.g. by bundling private tourism actors' resources. The Offbeat Network is an example of an exploration knowledge strategy as new relations and new external knowledge are actively sought and pursued with the purpose of developing and improving product as well as promotional efforts not only on individual firm-level but jointly. Moreover, both The Attraction in Jutland as well as The Offbeat Network are collaborative networks that contribute to tourists being sent from attraction to attraction, crossing municipal and regional boundaries and as such contributing to the tourism development not only on a municipal level but in fact on regional level. A final remark on The Offbeat Network is that it is the only network in this current study that actively has sought external funding and knowledge sources specifically with the purpose to develop the firms individually and collectively

9.3.1.3 City B&B Network

There is an informal network of B&Bs and other accommodation providers (such as hotels and hostels) in the city of Viborg. How many and who are part of this network is unclear, but all interviewed city-based B&Bs partake in these collaborative activities. Close organisational and geographical proximity in terms of offering the same product (a bed and breakfast) in centre of the town of Viborg are determining conditions for the collaborative activities.

> We collaborate a lot with all of the B&Bs here in the centre of the city. They are the ones we can use because our customers, they are mainly customer who come without a car. That is, if we have to provide them with another place to stay, well then we have to pay regard to the fact that they do not have to take a taxi or something like that, right? And we are often overbooked, so, indeed, we often have to send them to the other B&Bs. We also make use of Palads Hotel; that is, if we have very many customers then we have to phone Palads Hotel and we send many of our gets there. This happens a couple of times a year, but otherwise we make us of the other B&Bs, price-wise that is the best match for our customers (Interview C, 25:17)

It is obvious that the primary influences that from a business economic perspective bind the B&Bs together in their collaborative actions are the B&Bs' shared customer group's characteristics reflected in the area in which the tourists wish to stay and in the price they wish to pay. For instance, in comparison the hotels in town equal a higher price range alternative, and thus a second alternative to that of the other B&Bs in terms of cross-referrals. A few of the interviewed B&Bs point to an extra high level of collaboration in terms of receiving and sending guests among them and their neighbouring B&Bs and room renting colleagues (Interview G, O), implying that very close geographical proximity (i.e. across or down the street) is a central condition for building valuable collaborative links within this network.

> If I have some guests who have to stay a day or two extra and I am fully booked, well then I send them to the other B&Bs, right? Usually I send them to Oasen [Interview C], but also to the others. But we are so close to each other, so we make use of each other (…) (Interview O, 07:15)

Interviewees C and O are more or less neighbours and this close geographical proximity provides a natural reason for the two B&Bs to have a higher level of collaboration than with other B&Bs that may be further away. As focused on in the initial quote (Interview C, 25:17) in this section, a minimal geographical distance between the B&Bs signifies that the customers do not have to move far to find another place to stay, and the chances of satisfied customers may be argued to be higher. This is also a reason pointed to by one of the interviewed B&Bs, who has four collaborative partners on his street (Interview G). However, this example is a bit different from the others as well. This B&B-owner is dedicated to serving a high-end breakfast and has made arrangements with people who simply rent out rooms (i.e. do not serve breakfast), so when he is fully booked he can provide his guests with a bed nearby (i.e. in the same street) and serve his high-end breakfast at his own B&B-venue (Interview G). The customers should have a good experience even though they have to move from one B&B to another (or to a hotel), and will hopefully come back next time they visit the city of Viborg.

All of the interviewed B&Bs mention that they only refer guests to the B&Bs whose standard they can vouch for; for instance stating that "it has to be clean and nice" (Interview C: 26:05); "my expectation is that they [the guests] are treated properly" (Interview G, 39:14), and that "it is not necessary to give people a bad experience when they visit Viborg" (Interview O, 00:25). Two main points in this connection: this is another example that B&Bs want to give their customers a good experience and increase repeat business; and the B&Bs view the firms with whom they collaborate as a reflection of what they wish to portray as a business. If they refer guests to a B&B of lower standard then they risk being perceived as a B&B of a lower standard (i.e. compared to how they perceive themselves) and as a result they may lose future business. As the B&Bs maintain, word-of-mouth is their most valuable marketing tool in terms of product information and gaining new customers (Interview C, G, O). As argued in chapter 3, section 3.3 (cf. Weaver & Lawton (2000)), the risk of word-of-mouth is that the B&B-owners have no control over the information being spread about their firms, which emphasises the importance of making a good first impression by associating and collaborating only with firms that potentially cannot put a negative spin on their own firm.

The relational ties between the B&Bs in this city centre network appear to be long term and embedded in the sense that there is a strong level of trust in them providing quality products that live up to the standard they each require of each other. These are trust building factors that can be linked to the actors' trust in each others' abilities and competences, as argued in chapter 4, section 4.4.1 (cf. Mayer et al.'s (1995) and Sako (Sako 1992)). Indeed, the collaborative activities that exist among the B&Bs are described as "informal" and their relational ties as "friendly" (e.g. Interview G, 39:57). Concerning potential disagreement among the B&Bs one of the interviewees states:

> No, never! We have never had any disagreements, on the contrary. We get on well together. I know many of them, oddly enough from when I was young….from my school days. Some old colleagues from the nursing service have started up and an old childhood friend has started up (…) So that is a little bit funny, and we get on really well together (Interview C, 27:19)

> I get on well with them because there is something behind, right? That is, I have a little love for some of these people. It is not someone whom I have known peripherically, it is someone whom I have spent time with. So, that is nice (Interview C, 28:05)

The relational ties, or at least the relational ties brought up and referred to by the interviewees, seem to be friendships, some of which go far back in time and originate in contexts that are not linked to current business activities. In relation to trust, these friendship characteristics and informal collaborative business behaviours put focus on the likelihood of benevolence and goodwill between the B&Bs as trust factors that contribute to the embedded character of their relational ties. Interviewee C provides several examples of occasions where she "suddenly has had an acute problem" (Interview C, 28:56) and where her fellow "B&B-colleagues" were quick to help.

In the same vein, when carrying out the interviews with the B&Bs, and thus getting an insight into how they make use of each other when they individually are fully booked, a natural question seemed to be if they at any time feared that they would lose customer to the other B&Bs after cross-referrals. However, this does not seem to be the case:

> (…) Well I am not to do as they do, and they are not to do as I do, right? They have their customers and I have my customers. And my customers can put up with being lent out now and then…because they

> know that they will be coming back, right? So, then I guess it is also okay the other way around. And then it is also about being able to trust one another, and that I am not trying to take away their customers (Interview C, 30:23)

The last part of the quote emphasises that benevolence and reciprocal feelings of trust are necessary for the success of their informal collaboration, moreover suggesting a kind of informal contractual trust (i.e. no written agreements are made) between that B&Bs which has been established over the years.

An important comment to the collaborative network of B&Bs in the city of Viborg is that they all seem to be very busy and have more than enough customers year round. The B&Bs explained that many companies due to the financial crisis now use cheaper alternatives to hotels (cf. Dwyer et al (2009)in chapter 3, section 3.3), so the current crisis crises may have had a positive effect on the B&Bs and potentially on B&Bs' approach to sharing and referring guests: There are enough customers to go around.

The collaborative network relationships between the B&Bs in the city centre of Viborg are first and foremost oriented toward business activities in the sense that they have established an informal booking system over the years, referring to each other and sending customers to each other when they are fully booked. The relational ties between the B&Bs who collaborate have been identified as embedded, characterised by reciprocal trust and acknowledgement of each other's professionalism as businesses-owners. The interviews show that there are accommodation providers, as well as other tourism-oriented business that are not included in this network or only used if there are no other options, as they do not live up to the standards and expectations of the interviewed B&Bs or simply because they are more expensive (e.g. Interview O, C).

Based on the interviews with the three interviewed B&Bs located in the city centre of Viborg there does not seem to be, besides the regular exchange of tacit information (know-what) about occupancy, any particular exchange of experiences beyond the annual meeting organised by VV facilitating the exchange of tacit know-how and know-who. The interviewed

B&Bs do not seem to have a need in this regard. One of them works full time professionally with tourism development and that the other two B&B-owners have many years' experience as business-owners and managers. Therefore the interviewees have no seemingly need for or interest in investing in the exchange of experiences. Sparse time resources are mentioned as a contributing factor to limited behaviour in this respect. Moreover, great value is assigned to the fact that the B&Bs are different and unique as a result of their personal and individual atmosphere imprint, i.e. reflecting the personality of the B&B-owner, as such highly personal characteristics that cannot be exchanged or taught. One of the B&Bs states the following when asked if she uses the other B&Bs to exchange experiences and discuss how business is going:

> You can superficially ask: "How are things?", right?, "Is business going well?". I have the impression that it is going well for all of them. So, then I kind of don't have to spend my time on that (Interview C, 29:57)

The quote indicates that when things are going well and have done so for a long time, a potential result (risk) is limited interest and perceived need to exchange experiences to gain new knowledge that might result in more efficient daily work routines. They potentially miss out on knowledge that could reduce costs and increase revenue, both possibly reflected in exploration and exploitation strategies in terms of how this knowledge is put to use in practice. Nonetheless, the existing knowledge sharing processes may be argued to support exploitation as it provides the accommodation with knowledge of each other's price rates and room availability, which in turn seems to contribute to B&B yields.

9.3.1.4 The 'more than just a bed' Network

We now turn to the other network for B&Bs in the Municipality of Viborg. A couple of B&B-owners (Interview J, N) along with three other B&Bs[45] from outside the municipality boundaries have come together on account of their shared perspective on the type of product and service they wish to provide their customer as B&B-owners and their joint wish to engage in product packaging and joint marketing efforts. The result is a network concept

[45] www.holmmoelle.dk/; www.cafemmoellerstrand.dk/; www.johanludvigs.dk/

that focuses on the B&Bs providing “more than just a bed” (Holmriis 2011). Phrases such as ‘more than just a bed’ and ‘a stay with experiences’ encapsulates the essence of their shared business concept, which is to give their guests a complete experience including a place to sleep and breakfast, but also something to feel and look at in calm and relaxing surroundings. All have either a gallery or a shop in connection with their B&B and are located in beautiful natural surroundings. In addition, they emphasise a luxurious experience in terms of the rooms’ décor and the food served (often based on organic and/or local products).

The network is described by the interviewed B&Bs as informal; they meet a couple of times a year as limited time resources prevent them from meeting more often (Interview N, 12:53). The network emerged around 2009, when interviewee N took the initiative to contact other product-similar B&Bs to engage in joint marketing activities, and as described by the other interviewed B&B:

> We would like to be a handful of B&Bs that kind of can make use of each other, for instance concerning bicycle tourism so that you can make a route, but also exchange of experiences (Interview J, 40:31)

In addition to product packaging and joint marketing activities, the quote above points to exchange of experiences as a desired network outcome (which will be discussed in more detail shortly). Focusing on the desired activity of product packaging by bundling their products in providing e.g. bicycle tourists with a predefined tour across Central Jutland and Fuen (where the B&Bs are located), it become evident that geographical distance is a key condition for these actors being able to collaborate. A different perspective of the importance of geographical distance in this network is linked to competition. The following B&B-statement expresses this as husband and wife B&B-owners discuss how they feel about very similar businesses (i.e. organisational proximity) offering the same products and services they do:

> A: Well, first of all, then we sit here at the dining room table and say: “Urrgh, such arsehole, couldn’t they have come up with their own idea, find their own products?”, but then we flip it around and say:

"But well, ultimately it doesn't matter, it doesn't matter…", but we cannot see us free of saying it to them as well, that is, in a nice way…

H: Yes, I don't know, if only there is a physical distance then it is seldom a problem. I would say that if the amber cutter across the street started selling some of our top things in his shop, then we would say something…but if it is someone who maybe is 30 kilometres away from here, then you cannot say that it is a competitor in the same sense. On the contrary, it could help extend people's knowledge of a special product, so you in that way can become a member of the club who know about MyWalit [a British wallet label] or something like that and then it would be okay (Interview J, 43:03)

The above indicates that the competition would be too intense if B&Bs providing the same services and products, hence aiming to attract the same customer segment, were too close in terms of geographical distance. This is a highly relevant concern for the B&Bs interviewed here, as they each have invested in unique products – both in the way they run their B&B and the extra-experiences they provide (products in their shop, gallery etc); products that would lose their uniqueness if nearby firms were to sell the same product and offer the exact same services. In continuation, interviewee N states:

(…) concerning the B&B-network, if we are too identical then you also start compare too much, but you are to make sure of that there at least is one common denominator; because that it what we have said in that network, I would like for us to elaborate on the B&Bs being more than just a bed. That is, it is no use if we all have a B&B with a whisky shop, then we cannot send the tourists between us, we are not to sell the same jar of honey all of us. It is important that we provide different offers, so as the experience will be a different one every time the tourist visits one of us. We are to have a commonality but also something that is different (Interview N, 18:57)

The focus on the commonality between the B&Bs in terms of them each providing a bed, breakfast and an overall experience-oriented sphere linking it all together. Based on the quote above, the network's main strength and hence condition for creating embedded relational ties reflects an individual (product) variety that complements their (product) commonality.

It seems that the relational ties between the network-B&Bs are embedded; they have a shared view on the type of product and quality they want to provide their customers and together they have a shared mission and purpose in terms of future product development and joint marketing efforts, aspects that may be argued to reflect the B&B-owners belief and hence trust in each others' integrity, abilities and competences as B&B-owner (cf. Mayer et al. (1995) and Sako (1992)in chapter 4, section 4.4.1). This perception of each other comes across in the following quote where interviewee N talks about an event with a futurologist where both interviewee N and J participated:

> Yes, she [interview J] also attended the meeting, where we were advised about how things are developing, and it is things like that which Remme [interview J] and [I]…we get and where we then say: "What do we do now?" (Interview N, 32:10)

The above is an example of how the actors regard each other as equals and like-minded, viewing themselves as having some of the same strengths, in this case in terms of being forward looking and pro-active in their business ventures. Indeed, interviewee N several times during the interview mention herself in connection with e.g. interviewee J and interviewee Q as being very similar in the quality of their products and in their business approach, e.g. referring to them all as "small oases"; "forward-looking"; "unique"; "quick to catch on to new ideas". Although interviewee Q is not a member of this B&B-network (she is not a B&B-provider), it still is an example that highlights close cognitive proximity as a central condition for collaborative ties that are embedded in the case of STFs (cf. Boschma (Boschma 2005) in chapter 4, section 4.5).

However, the network has only existed for a couple of years and the members only meet a couple of times a year. The network-initiator states: "I have contacted a couple of additional B&B who also want to join the network and then we have not done so much more" (Interview N, 12:53). The network as a whole may be argued to be at the very early stage of its lifecycle (cf. Heffernan (2004) in chapter 4, section 4.4.1), seemingly due to limited time resources to invest. Nonetheless, as pointed to above, the relational tie characteristics and conditions suggest the possible development of strong embedded ties over time. That is, if the network members are willing to invest more time and resources in the aspired future network activities.

Currently the members of the 'more than just a bed'-network do not have the strongest embedded ties, but the conditions for developing them exist. So far, the intent is to engage in joint promotional efforts, developing and providing (bike cycling) tourists with an organised joint product that sends the tourists from one B&B to the other, and to exchange experiences that constitute the network' s activities, as opposed to the actual effectuation of these outlined network activities. For instance, the network initiator (Interviewee N) is the only one who on her webpage links to the other B&Bs in the network, only one of the other B&Bs links back to her (and to none of the others). The quote below supports the notion of few network activities.

> We have had a few meetings, but we have not engage in any specific collaborative activities, but we have talked a little bit together and it is nice to have someone to exchange experiences with (…) do you get your bed clothes cleaned at a laundry or do you do it yourself, is it to be ironed or is it not to be ironed, is there to be placed soap for the guest or isn't there, is there to be eggs for breakfast and things like that. That is those kinds of decisions that you are alone with, right? And then you can talk about those things with the others (Interview N, 07:37)

The quote points out that experiences have been exchanged, that is know-how, and as the quote also demonstrates this is tacit knowledge related to experiences rooted in processes of learning by doing, i.e. what has proven to be the best solution in a given situation. Moreover, the network provides tacit know-who knowledge, as the network initiator bridges previously divided actors facilitating access to knowledge to other similar (geographical distance) B&Bs. The present knowledge strategies that may be argued to characterise this collaborative network of B&Bs is exploitation by way of sharing experiences with the purpose of for instance make work routines more efficient and make product adjustment that in other cases has proven successful.

9.3.1.5 The Kjellerup area's tourism information service

The interviewed owner and manager of Den Gamle Biograf (Interview I), i.e. two 'sense and experience shops' (Christensen 2011), one located in the Municipality of Viborg and one in the neighbouring Municipality of Silkeborg, is the central STF of this case network. The network focuses on promotion of a geographic area that lies in the neighbouring Municipality of Silkeborg, however just on the border to the Municipality of Viborg. The network is included in the analysis as the interviewed STF has firms in both municipalities.

> (…) I have my struggles here in Kjellrup because the Municipality of Silkeborg profiles the city of Silkeborg and out here we are not mentioned, and that struggle I have had for three years now. I have actually given up on them a little bit and I have chosen to go it alone and I have made a website called kjellerupegnen.dk in collaboration with the development association of Kjellerup[46] of which I also am a member. We are in the process of making a brochure on an attraction called Krabbes Grønne Ring (…) where many come to hike; a brochure on different experiences on the hiking routes where you then can access different information (…) so, we are trying to position ourselves stronger out here by pooling our resources, so as we are to become more visible (…) (Interview I, 13:37)

Again, STFs in the more peripheral areas (see also section 9.3.1.1) feel left out, even excluded, in overall destination-level joint promotional efforts, and therefore take matters into their own hands. The interviewee refers to the fact that the Kjellerup area before the structural reform of Danish sub-national government in 2007 (cf. (Halkier 2008) in chapter 7) "was an independent municipality (…) and that it cannot be true that the area now is to be forgotten and hidden" (Interview I, 17:59). The latter is a perception of changes in the macro-level institutional set-up having a negative impact on the new large municipalities' allocation of resources to tourism development in the new peripheral areas. However, as the quote suggests, taking local tourism development into own hands has required hard work to make local public authorities aware of the issue. This action can partly be argued to reflect the STF's belief in the local DMO as initially sympathetic to the destination's tourism actors, i.e. trusting them as an overall tourism development supporting unit, and partly due to limited individual resources and preferably spent on managing, developing and marketing the STF as a single firm unit (Interview I, 18:52).

[46] The development association of Kjellerup tends to the interest of the areas private firms, cultural life and sports activities, cf. www.kjellerupegnen.dk

Interviewee I is a member of various business development associations and councils on regional, municipal and local level (Interview I, 21:27). The above quote builds on this by providing an example of a small business-owner that seemingly is strongly devoted to developing and promoting not only her own firm as a tourism experience, but the entire local area:

> I have said that they [the tourism information bureau] are to gather the tourism information in areas. Because if a tourist is to have an experience then they need to say: "Now we are driving north visiting the Kjellerup area, what can I experience there?" And then there has to be a brochure with a map illustrating what can be experience within a radius of 20 kilometres and then you can plan a route. Tourists don't plan a route driving 20 kilometres to visit me in order to drive 20 kilometres in the opposite direction to visit another attraction. And that battle is very difficult, so that is why I have become in charge of the local tourism information in town, in a local community (Interview I, 13:37)

The above quote illustrates that the collaborative activities are based on the acknowledgement of the inter-relatedness and inter-dependency among the area's tourism offers if the area it to position itself as attractive for tourists. As illustrated by the expressed necessity of pooling resources and bundling tourist products in order to deliver a unified tourist product both in terms of product development and marketing (cf. Grängsjø (2003) in chapter 4, section 4.1).

As a step in developing and promoting the area, interviewee I has established a small tourism information service in her own shop. In terms of creating and strengthening the relational links between the local tourism- and service-oriented firms by way of fostering a common purpose and focus directed at the development of the destination (cf. Gibson, Lynch & Morrison (2005) in chapter 4, section 4.1), interviewee I has assembled them to meetings where she has presented new ideas and the website, she has asked them to write her if they have any activities, but replies and feedback are at best limited (Interview I, 16:27):

> (…) but my problem is just that the tourism firms who are situated out here…it is one-way work, and I think it can be a bit hard and this has also resulted in me at time sometimes giving up because I get

> nothing in return. I give a lot but I don't feel that I get any response to the work I put into it (…) (Interview I, 13:37)

As suggested, the resources interviewee I puts into this small-scale tourism information service are not reciprocated by the other tourism- and service-oriented actors in the area this is discouraging for her. The relational ties between area-STFs are rather weak in this context due to limited interest and reciprocal resources invested in the network activities aimed for by interview I and the local development council.

There is no doubt that interviewee I is an asset regarding initiating small-scale business development activities in the Kjellerup area. For instance, she points to the fact the local tourism information website (Kjellerup Egnens Turistservice 2011) is well visited (Interview I, 16:27). Nonetheless, the lacking reciprocal interest shown from the other tourism- and service-oriented firms has a negative effect on interviewee I's ability to stay equally invested in the network and the tasks she performs not only for herself but for the entire area as a unified tourist product provider. She states that she is "about to be burned-out", that her "flame is getting smaller and smaller", and she feels "alone struggling". As also suggested in relation to the publically initiated Food Network (section 9.1.2) reciprocity regarding the network members' resources invested in securing network activities is critical. Some of the same explanations presented in the destination-level networks analysed in this chapter may apply here, namely, that limited time and financial resources prevent STFs from attending and spending time on these activities. Furthermore, the website promoting the area is already up and running and interviewee I in association with the local development association have so far done much of the required work, so the STFs may very well ask themselves: "Why spend valuable resources on something that someone else is taking care of?"

It seems that despite good intensions, interviewee I's pro-activeness on behalf of the other local tourism-oriented firms has backfired. Very likely because she exactly has not been able to get them involved, interested, and most importantly feel a sense of urgency from the get go in relation to these joint promotional activities. Grängsjö (2003) argues that dominant networks where the power lies with one actor (or few actors) do not seem functional in STF-dominated destination. In fact, research suggests that STFs wish to have both control and to be independent in networks. What is more, interviewee I's main ally in this project is the local development association, which is the local representative in overall public development on municipal level, e.g. in relation to health care, public service, and tourism. Locally the development association is most likely viewed as a small-scale public authority unit. Drawing on some of the challenges concerning involvement of STFs in publicly initiated, facilitated and organised activities, a potential challenge may be that activities from the beginning are overly supported, and that private actors under top-down control (pro-activeness on the behalf of others) may expect to have minimal influence and thus limited incentive to actively participate from the beginning. The local development association represents an actor that the local firms may have a difficult time relating to in terms of joint collaboration that builds on equally shared responsibilities and influence. Unfortunately, Kjellerup's local tourism information service is seemingly regarded as a public servicing unit, although it is designed to reflect activities based on collective community STF peer-efforts. The privately initiated tourism information service may be argued to lack the peer relatedness that in other firm-level initiated networks analysed in this study has proven to bind actors together as they e.g. share the same experiences and have a shared approach to business challenges.

Much of the knowledge processes linked to this hoped-for network of locally invested tourism actors is related to gathering product information pertaining to the individual businesses and activities in the area (know-what). The aim is to create a small-scale unified tourism development and marketing unit as a supplement to the overall joint destination development and marketing activities initiated, facilitated and organised at municipal level. This attempt to organise small-scale community resources may be argued to support exploration. The reason is that from the perspective of interviewee I, who is in charge of this project, many personal resources are invested without any assurance of her efforts paying off. Finally, the Kjellerup area's joint promotional activities can be argued to have positive business activity results in terms of the website and brochure, but the apparent joint sense of community that was expected to develop or increase has so far failed to appear.

9.3.2 Section summary

This section has encompassed the networks and collaborative relations identified to have business activities as their primary network purpose and outcome. This resulted in six different collaborative networking activities; some formal, some informal, some characterised by very strongly embedded ties, some with less embedded ties and some with almost non-existing ties although the opposite is the aim. Furthermore, the analysis provides examples of STFs collectively and actively seeking and making use of arm's length ties to access external knowledge sources with the purpose to develop and enhance business activities and strengthen their market position. The types of business activity characterising these networks are primarily manifested in collaborative marketing activities, and in this context joint product development by way of combining complementary products. The core of STF-actors in these business activity-oriented networks is tourism actors and firm complementarity is a central condition. Either in terms of providing tourist products that supplement each other (for instance entirely different types of attractions and experiences and accommodation – e.g. The Fair Network, The Coach Tour Network) or in terms of similar tourist products (a place to sleep), but individually offering supporting products that set these otherwise similar product offers apart from one another. Moreover, close cognitive proximity in terms of shared views of the STFs' business environment (challenges, opportunities) is a central condition regarding who they collaborate with. The institutional proximity perspective is furthermore suggested to be closely linked to the cognitive proximity perspective, especially illustrated by STFs' perception of possible impediments to close collaborative behaviour between public and privately owned tourism firms. The aspect of geographical proximity has proven essential in different ways: in times of market pressure, collaboration with very similar actors is dependent on them being geographically distant (e.g. Offbeat, 'More than just a bed') to avoid too much direct competition, in contrast to using each other to move tourists from one attraction/ accommodation/shop to the next. In times of market success, collaboration with actors that provide similar services and are geographical close, specifically cross-referrals between accommodation providers (city B&Bs), is highly valued as it contributes to increased yields and good customer service (repeat visits).

Table 9-2 Business activity-oriented network characteristics

	Networks											
	The Fair Network (formal)		The Coach Tour Network (formal)		The Offbeat Network (formal)		City B&B Network (informal)		The 'More Than Just a Bed'-Network (informal)		The Kjellerup Network (formal)	
Ties												
Embedded	x		x		x		x		x		x	
Arm's length			x		x							
Knowledge												
	Tacit	Explicit	Tacit	Explicit	Tacit	Explicit	Tacit	Explicit	Tacit	Explicit	Tacit	Explicit
Know-what				x			x					x
Know-how	x		x		x	x			x			
Know-why						x						
Know-who	x		x						x			
Exploration	x		x		x						x	
Examination	x		x									
Exploitation	x		x		x		x		x			
Benefits												
Business activity	x		x		x		x		x		x	
Community	x		x		x							
Exchange & Learning	x		x		x				x			

Taking a look at the knowledge facilitated in the networks analysed in this section, tacit knowledge reflected in know-how and know-who is the dominant type of knowledge transferred and created in these networks; just as knowledge processes supporting exploitation seem to be a general tendency. The empirical data also indicates that exchange of experiences by way of tacit knowledge sharing is a natural result of embedded ties.

Even though the table above does not capture the variation in scale in terms of determining if a tie is slightly embedded (typical in the early stages of relationships) or strongly embedded (typical of relationships with a long and successful history), it illustrates that it is the Fair Network and the Coach Tour Network that are able to support both exploration, examination and exploitation in terms of business activity. What characterises the relational ties of these networks is that they build on long term and deeply embedded relational ties characterised by a high degree of trust. What is more, the two networks are the only business activity networks that produce activities that are positive in terms of community and exchange and learning activities. The analysis moreover shows that it is the exchange of tacit knowledge that primarily contributes to these three strategies, but that the networks also use arm's length ties to facilitate external inspiration and ideas to actively pursue new business activities. It is suggested that very close embedded ties coupled with the use of arm's length ties are a beneficial combination in terms of individual, collective and destination development. The positive result of a mixture of ties is also evident in The Offbeat Network, but in this case it is the network's arm's length tie (managing and facilitating specific professional knowledge and strategic guidance) that drives the development of the network and its business activities.However an arm's length ties that is argued to providing explorative processes that temporarily clear the way for exploitative processes due to time restricted intense cooperation and resource investment. Nonetheless, the joint STF-effort to collectively access the arm's length knowledge resources has promoted further STF-collaboration, thus suggesting further relational ties development.

Another network that builds on long term embedded ties is the informal City B&B network. However, as illustrated in the table, their need for collaborative activities, interaction and communication is limited to cross-referrals (specific know-what knowledge, i.e. who has vacant rooms and what is the price). The reason is appears to be that they are not experiencing specific market uncertainties that call for them to change their ways of doing business ans seek new knowledge. The empirical data thus suggest that the degree of the STFs' perceived uncertainty and dissatisfaction affects their collaborative behaviour and knowledge search.

On an equal footing with close cognitive proximity in terms of initially engaging in collaborative behaviour, network actors' dedication and willingness to invest in and reciprocate network resources is a critical network success condition. As seen for instance in relation to The City B&B Network and The Fair Network, expectations to network actors' resource investments, degree and extent of communication of course depend on the network's purpose, direction and needs. Matching network actors' expectations is central, in formal and informal networks alike, if networks are to succeed. Unfortunately, this does not seem to have been the case in The Kjelleup Network, where the desired collaborative network ties seemingly fail to develop because the local tourism actors display limited if any (non-ties) interest in and dedication to network activities. The analysis suggests that the STF network initiator's pro-activeness on behalf of the area's STFs is a possible explanation for the local tourism actors' limited network interest. This pro-activeness has seemingly made network activities overly supportive, and local STFs' feel limited ownership of network activities as they have not been involved from the beginning, or may never have had the chance to consider if they need such a network. Furthermore, the involvement of local public actor representative as network co-coordinators and co-managers may also have a potential negative effect on STFs' ability to relate to the network being based on STF efforts. STFs being able to relate to one another, agreeing that they share problems and challenges, and that it would be beneficial to join forces to improve their individual and collective situation, is not always enough to guarantee network success. A final remark in connection with the findings of this section is that the importance of a clear sense of network direction (management) and reciprocity in terms of members' dedication and resource investments is a key factor in driving networks forward in their purpose and development. The B&B-network 'More than just a bed' is an example of a network that seemingly has the fundamentals to become successful in its purpose, but limited effectuation of network aims due to limited network management and actor dedication.

9.3.3 Community-oriented networks

The following concerns the relational ties whose outcome is directed at pursuing community values. According to Lynch et al (2000, in Gibson & Lynch (2007)) such community values may foster common purpose and focus, community support for destination development, and ensure that more income stays locally. As pointed to in the section on VV as the local DMO, and as illustrated in a few of the business activity network cases, the interviewed STFs do make use of each other e.g. by displaying their tangible products at each others' firms along with engaging in cross-referral activities; actions that all contribute to the tourists circulating the destination. Such business activities are a strong indication that across the destination as a whole there are joint efforts to sell the destination as a unified product as such contributing to a sense of joint community development. The interviews also offer examples of STFs engaging in specific activities because they provide a strong community value. Based on the empirical data, two types of relational constellations have been identified: The small-scale trade association of the small hamlet Hjarbæk, whereas the second case analysed does not concern a specific network, but rather the STFs' relations with their local suppliers.

9.3.3.1 The Hjarbæk Trade Association

The little hamlet Hjarbæk has a local trade association, which is categorised as a formal network and was established in 2006 by the local trade in the hamlet. Two of the interviewed STFs are the initiators of this network.

> It was when we moved here…When we resided in the Sct. Mathias Marked[47] we had a small trade association where we actually had a lot of fun, and then one day, just for fun, I asked Hannah if we should establish one [in Hjarbæk]…actually I was just referring to her and I, and Arne and Nalle (the husbands), should we establish a small trade association? And then Arne [Interview J], he thinks a little bit further than me…and he thought that maybe we could try and see if we could find some more people that would join, so yes… So, it is a fine little network. But I would say, arh…as such it is more a social association (Interview K, 21:17)

Prior positive experiences in another business context seemingly inspired this network, and as the quote insinuates, the driving force for this network member and initiator is the social purposes and benefits between local businesses. This perspective may be argued to support the development of embedded characterised ties. The co-initiator of the trade association talks about the emergence of the trade association:

> (…) it actually started because us and Janni, down at the inn [interview K], we got to talking one day. We would like to go travelling together, that is in a business context, because we can take time off at the same time and things like that. "So, why don't we establish an association", Janni says. Well and oh yes,

[47] A shopping centre in the city of Viborg where interviewee K had a business before they moved to Hjarbæk and opened a business there.

> that we were to do, indeed, and yes, I'm the kind of guy who loves to organise things like that so we went and made regulation and all sorts of things. And suddenly, it emerged that there were others that wanted to join. So, now we are about 12-14 people who are members of the trade association and we have had inquiries from people outside our area [i.e. the hamlet of Hjarbæk] who wanted to become members but where we have said: "That isn't possible, you can't become a member here…" So, the people in Løgstrup, which only is 2 kilometres from here, are a bit envious of us. We have also practiced visiting each others' firms despite the fact that we live in this tiny little hamlet (Interview J, 54:14)

The first part of the quote supports the social bonding purposes of the network e.g. reflected in a joint desire to travel together.[48] However, as the quote insinuated, the network's purposes are not merely social, but also business-oriented in terms gaining insight into who is who in the small hamlet and who does what. Based on the second part of the quote, the trade association can be characterised as a small-scale community activity as it is strictly limited to firms located within the town sign of the hamlet. Firms no more that 2 kilometres away thus do not qualify to join due to their geographical distance. The purpose of the network is to ensure close relational ties between the local business providers in the small hamlet.

The trade association seems to be a very close-knit network, reflected for instance by the close geographical proximity as a formal condition for membership. Moreover, the fact that the network members live in a very small hamlet (i.e. both in terms of geography and number of residents) may be argued to contribute to the natural result that people in the hamlet have a good overall knowledge of who is who, live under the same conditions and experience some of the same challenges in this case linking to a more peripheral area:

> Purely social, it is good as well, given that we are as few as we are, then we also are in the same boat, and when things are a bit difficult we can say: "How are things with you?" (Interview J, 56:43)

Indeed, this close community context within which the network members live and run their businesses means that they have shared challenged, or perhaps rather an understanding of

[48] When travelling is a self-initiated and voluntary activity, it is often invested in by people who are close in some sense and have a positive and reciprocal connection (e.g.Smed, Smed 2009), i.e. have embedded relations.

each others' challenges as they live so close. The quote indicates that being a part of the same little close-knit community increases mutual sympathy. Apparently, no two firms are alike in the small hamlet and their organisational distance in terms of products also has an effect on the relational ties. For example, if there were two lifestyle shops in this small hamlet, the mutual competition would be fierce and they might both perish because there would not be enough customers to support both. Limited competitiveness in this case brings the actors closer together and increases their willingness to help each other when necessary. The trustful relationship between the members, possibly even goodwill may be argued to influence their willingness to share specific firm-related knowledge when the association makes firm-visits (discussed shortly).

The network has a strong social aspect and may be argued to strengthen this small community as it fosters a common purpose and focus (cf. chapter 4, table 4-1), reflected in embedded characterised relational ties. One of the most essential types of knowledge that benefits this network is know-who knowledge. Network members access knowledge about the other local firms and about them as business-owners. One of the STFs refers to one of the network's organised firm visits at an insurance broker in the hamlet:

> It was amazing to see what that actually was. It was really inspiring also in terms of how I could be applied in other contexts (…). Generally it has been like that with all of them, when we have come by and heard what it actually is about, what they do. And all of them are eager to tell about their own firm and what they are passionate about (Interview J, 55:25)

The firm visit was an opportunity for the local firms to get acquainted and exchange tacit know-who knowledge. The network members also benefit in terms of tacit professional know-how and know-why knowledge, in the sense that knowledge from one type of business, such as the insurance broker, sorting under a different occupational group than the tourism industry, may offer new perspectives on how to do things. The STF-owner couple interviewed in interview J described how knowledge about the world of an insurance broker made them think about what kind of products they get for the money they pay, and if it would be possible to increase the revenue of this product by presenting it differently, however without making additional investments. The association's travels are recognised as an activity that "brings the network members together", offers inspiration about new products and gives the members an opportunity to exchange thoughts in a very informal setting, potentially sparking new ideas and specific activities:

> But it is also in relation to such activities that some fun ideas come about. That is regarding to what we can create together and how we can strengthen this [local community]. That is when you sit 8 hours on a train then you might as well pass the time with… [something constructive] (Interview J, 58:06)

It appears that the annual autumn market in Hjarbæk, currently facilitated by The Food Network under VER (cf. section 9.1.2), was initially initiated and organised by the local trade association of Hjarbæk (Interview J, 58:24), which is still one of the key organisers. The local trade association of Hjarbæk presented the idea to VER and gained additional resources to develop the annual market further. The knowledge strategy that fits the activities of the small-scale trade association has an element of exploration as the trade association goes on study trips to find inspiration for e.g. new foods for the local restaurant and new products to be sold in the local lifestyle shop. However, exploitation seems to be the dominant strategy, as for instance the local insurance broker's train of though is applied in the context of a small B&B and lifestyle shop to refine procedures and methods of sales (cf. March (1991) in chapter 5, section 5.5.

The Hjarbæk trade association is a privately initiated business network. It is a small-scale business-network that especially values the social purposes and informal nature of the network as they have been indentified to nurture the development of close and embedded relational ties. These ties support the facilitation of specialised knowledge pertaining to the different occupational groups represented in the network, as such supporting exploitation strategies as knowledge from one industry e.g. is applied in another industry to refine existing procedures and methods of sale. The firms' product diversity contributes to reciprocal trust between the actors because it minimises the risk of competition and thus increases the actors' willingness to interact, share ideas and firm specific knowledge. As a result of the trade association's study trips, external influences enter the network, enrich the individual firms' knowledge-base and inspires them e.g. in terms of what new products to sell and develop. However, these trips primarily strengthen the sense of community by giving the local business-owners a chance to get acquainted beyond the business-level and build reciprocal relationship of understanding and trust. The network supports explorative strategies in other aspects, for instance in creating local awareness as initiator and facilitator of the annual autumn market in Hjarbæk. The market now is co-facilitated with VER and the local trade association has gained access to additional resources by involving public actors.

9.3.3.2 STFs and their suppliers

As stated in the introduction to this section, this section focuses on the collaborative relationship STFs have with their suppliers rather than on a single network.

In his argument on arm's length and embedded ties, Uzzi (1996) maintains that when firms maintain arm's length ties with each other, the pattern of exchange produces market-like structures, and when firms maintain embedded ties, the pattern of exchange produces network structures (cf. chapter 4, section 4.3.1). The empirical data provides several examples of STFs that have mere arm's length relations with their suppliers, and have no relational connection (such as knowledge transfer) besides ordering and receiving commodities. The interviewed glassblower (Interview E) states the following about having more than a business exchange relationship with her suppliers:

> No, there is no personal relation there, they are always nice but it is business, and it is possible to order per e-mail so I just order colours per e-mail (Interview E, 29:40)

One of the interviewed restaurant owner says:

> Of course we do not have to have close relations to all the suppliers we buy commodities from, not at all (Interview 52:19)

However, the interviewed STFs in the restaurant business see reciprocal loyalty and supplier integrity critical for forming strong relational ties with suppliers of food and wine (Interview H,K). A likely reason is that these products are principal elements in their product. A quality restaurant experience is partly reflected in high quality food and wine. Interviewee K talks about her relationship with her key suppliers:

> We are very very very loyal. Very much so. We use the same suppliers. Our wines we buy at Peter Dahl's wines in the city of Viborg. We do as much business local as we can, and then we make use of a greengrocer in Viborg as well (…) then we have a fishmonger, then we use Dagrofa and then we make use of BC which is a large catering firm from which we buy our meats…and then we have a man here close by from who we buy potatoes. At Easter we buy lamb and asparagus from a local farmer in Vorde [a hamlet close by] (…) we don't jump around: "Let's try that one, and then that one, they are a bit cheaper" and things like that. We like to think of ourselves as loyal customers, and then we believe that it gives us the best [products and service] – of course we cannot be sure, but it is what we are counting on (Interview K, 14:27)

The above focuses on firm-supplier relationships that have developed and been nurtured over several years; and as the quote insinuates, this has developed into embedded relational ties characterised by a high degree of trust reflected in reciprocal loyalty and a belief that the individual suppliers provide the STF with the best price and product, possibly due to this reciprocal loyalty. The local aspect (i.e. close geographical proximity) is likewise a central and highly valued condition in establishing these relational ties. In this case, close proximity reflects that the actors are a part of the same business community. Another interviewed and non-restaurant STF argues the following reasons for making use of local suppliers:

> Well, it is first of all because I want to support my local area in that way. I actually think it is a nice thing to do, and then I also hope that they will support me, and then furthermore it is also easier to get in contact with these people, i.e. it saves me time. If I were to travel to Zealand to look at boxes for my snaps, then it would take too much of my time. It is faster to drive to the city of Viborg or Randers, so things like that (Interview Q, 37:54)

The quote is an example of an STF that contributes to the development of her local community by encouraging community support for destination development, i.e. urging local businesses to join forces to increase the sense of community (cf. Lynch et al (2000) in Gibson et al (2005) in chapter 4, Figure 4-1). Of course, as the latter part of the quote suggests, dealing with local suppliers is also an economising strategy to save limited time resources on dealing with suppliers geographical distant.

Indeed, the empirical data provides examples of embedded and long term STF-supplier relationships that over the years have developed strong personal characteristics, giving the actors insight into each others' lives on more personal levels contributing to a highly trustful relationship (Interview K, 16:14). An example of STFs' relationship with key suppliers developing over time is given below:

> Since the nineties, and before that as well actually, we have done business with them…so of course we also know each other, but we don't get together privately but indeed we talk, laugh, have fun and ask: "What did you do in you holiday?" and things like that…so it is on that level (Interview K, 15:46)

The above paints a picture of closely embedded business relationships that are strengthened by the personal character of the relationship but do not develop into friendships in the traditional sense. Nonetheless, the empirical data also provides an example of this. The following quotes are an example of an STF-supplier relationship that over time has developed into a friendship-like relationship and how such business relationship characteristics may effect STF-business decisions (cf. Grängsjö (2003) in chapter 4, section 4.4.1)

> (…) we hosted a party last Saturday. A wine dealer from Herning attended this party and he gave me a brochure and I could see that he has sent me an e-mail as well. I haven't had a chance to read it, but then he called me up this morning, but where I said to him: "Well, do you know what? I think it is really nice of you to phone and I would like to save you brochure, but…Peter Dahl, Dahls Vinhandel [Dahl's Wine Shop], they are our friends, it has nothing to do with your wines, but…the situation is a bit different"; and that he could easily understand, yeah, so… (Interview K, 53:36)

> Yes, they do come first…it is not simply because they are our friends, but also because they provide me with the service that I need, right? Because I could most defiantly buy cheaper wine at Sigurd Müller…Yes, I think I could do that, but yeah…then it wouldn't be the same wine either. Moreover, I

> wouldn't be able to just have sent out six bottles, yeah? (…) So, in that sense I avoid having money tied up in wine. So in that sense, but yes…it is our old-fashioned manner, it is an old-fashioned manner in which we run our firm (Interview K, 55:00)

As implied above, long term business relationship that have developed into private friendships seemingly take priority over new possible supplier relationships, even if they offer better prises. As discussed in the theoretical section e.g. Grängsjö (2003), Grabher (1993) and Uzzi (1997) point to risks associated with embedded ties becoming too close, for instance failure to form new relations or to keep co-operation on a strictly commercial basis. In the latter case, the business part of the relationship may continue even though it is no longer beneficial and the STF invests valuable resources in vain. Judging from the quotes above, the interviewed STF is aware of missing out on possibilities, for example economic benefits associated with establishing relations with new suppliers instead of continuing with the current supplier who also is their friend. Terminating the business part of their relationship would most likely have a negative effect on the friendship part of the relationship. But indeed, in this case the friendship part of the relationship seemingly provides central business benefits, especially from a small firm's perspective as the goodwill trust and benevolence characterising friendships most likely affect the agreement that the STF e.g. does not have to buy large quantities of wines, hence not tying up their assets in stock. As suggested by Uzzi (2003), this is an example of strong embedded ties creating behavioural expectations that are irrelevant in the atomistic view of transacting and market learning because they shift the logic of opportunism to a logic of trustful cooperative behaviour (cf. chapter 4, section 4.3.1).

Another reason for making use of small local suppliers is here that it supports the fundamental ideology of the STF:

> Yes, well my suppliers are people for whom I feel a sense of security in the sense that I know they have a product that they would be able to live with if they were to eat it themselves. Several times I have experienced…Well, let me give you an example from when I was younger, an experience that has been a strong contributor to me becoming an ecologist or at least relative ecological. I was out buying potatoes at a local farmer and then I ask him what potatoes I were to buy. Then he looks at me and says: "Well,

> don't take those ones over there they are the ones I sell to my customers. You are to take those ones they are the ones I eat myself, the ones I have not sprayed with pesticides". So, I want a product from my suppliers that they themselves would like to eat and, indeed, within the tourism industry there is sent very much food and many experiences over the counter where the ones providing these experiences don't even want to be there themselves. And there are many people who work at restaurants, who considers it to be a job, who themselves would not eat the food they serve, just as there are waiters who themselves would no be satisfied with the experience they themselves provide in the restaurant (…) So, that is why I often make use of small farmers, that is something I trust in. It is the craftsmanship and it is also very much dependent on the person whom you are dealing with, it is the passion for the product. Because once you are dealing with passionate people, you know that you get a good product (Interview H, 22:07)

The quote is an example of a STF dedicated to providing the best possible product that reflects her own values and demands as an individual and as a businesswoman. In relation to the products she buys, interviewee H argues that she only makes use of "local suppliers in which she trusts"; i.e. her trust is a reflection of her perception of the suppliers' ability to provide quality products and their integrity both as farmers and business-owners. One of her collaborative ties with a supplier is actually a result of the previously analysed Food Network in the context of VER (cf. chapter 7, section 7.3.5). As a result of the contact facilitated by VER, interviewee H and Tange Frilandsgartnergi (2011), a local organic market garden, engage in an independent business collaboration. The market garden's black carrots (know-how) sparked the idea of a completely new product, namely interviewee H's production of black carrot jam. Interviewee H also maintains that her collaboration with the small local food producers by way of using their products in her jam production and in the food she creates and sells in her restaurant has increased the small local food producers' sales dramatically (Interview K, 24:28). A general tendency in many of the quotes in this section is that STFs' business activities and development of local community values go hand in hand.

The black carrot jam is an example of two food-related actors that did not know each other, but were introduced via network activities by local public authorities, became acquainted and engaged in self-initiated collaborative activities using exploration strategies to develop a new product based on exchange and combination of the individual firms' tacit product knowledge. The process shows STFs that consciously and actively search for new knowledge sources, such as local suppliers, and in this case develop a new product and increase production and income of local organic produce suppliers. Furthermore, several of the examples in this section illustrate the community development benefits STFs contribute with in terms of increased awareness about local products, not only food but also items such as packaging solutions and labelling. In fact, product awareness is not simply a result of tourists and locals visiting the STFs; local product awareness is created on national level as well as some of the interviewed STFs sell their products all over Denmark. This potentially creates an additional customer-base for the STFs' suppliers locally and nationally. In terms of knowledge strategy these activities reflect exploitation of existing know-who knowledge used in a local context to develop and improve the municipalities and small-scale areas' general competitive market position.

9.3.4 Section summary

The two cases analysed in this section contribute building community value. An essential condition in building relational ties supporting positive community outcome is that the actors reside in a shared geographical area that links them together.

Table 9-3 Community-oriented network characteristics				
	Networks			
	Hjarbæk Trade Association (formal)		STFs and their suppliers (formal)	
Ties				
Embedded	x		x	
Arm's length			x	
Knowledge				
	Tacit	Explicit	Tacit	Explicit
Know-what		x		x
Know-how	x		x	
Know-why	x			
Know-who	x		x	
Exploration	x		x	
Examination				
Exploitation	x		x	
Benefits				
Community	x		x	
Business activity	x		x	
Exchange & Learning	x		x	

In relation to the Hjarbæk Trade Association, very close geographical proximity is a central condition for developing the embedded ties that characterise the network – a shared feeling of belonging and local pride seems to bind them together across occupational groups. There are relational ties that specifically result in community building actions, for instance business activities like finding new ways to market their community (exploration) and paving the way for reciprocal exchange and learning among network members.

As illustrated in the table, tacit knowledge facilitated by embedded ties is the primary knowledge exchanged not only in the trade association but also in the relationships STFs have with their suppliers. However, the latter relationship is characterised by both embedded and arm's length ties, but in this case arm's length suppliers facilitating explicit product knowledge do not seem to support any specific knowledge processes. The relationships STFs have with their local suppliers are embedded and characterised by reciprocal loyalty and commitment. The point is that the STFs have chosen specifically to use local suppliers to contribute to the development of the local community (the municipality and surrounding areas) and to the development of their own firms by saving time and promoting cross-referrals occupational groups. STFs' networks of local suppliers contribute to the development of the local community because more income stays locally; just as selling and using local suppliers' products in the STFs' own offers contribute to the promotion and potential growth and development of other local firms. All in all supporting an exploitation strategy in distributing knowledge of who is who locally. One STF-supplier relationship engages knowledge sharing processes and supports an explorative knowledge strategy as their combined product knowledge and ideas have resulted in a new product. This collaboration is a result of relational ties initially established in the context of network activities facilitated by local public authorities. Overall, the knowledge processes and network benefits identified in these community-oriented networks are a result of local embedded relations facilitating local recourses both in terms of knowledge and products.

9.3.5 Exchange and learning-oriented networks

Networks primarily oriented toward exchange and learning are analysed in this section. The associated benefit dimensions of such networks include knowledge transfer, but according to Lynch et al (2000 in Gibson & Lynch (2007)) also tourism education processes and facilitation of the development of STFs in their early development stage. The latter is for instance a formal task of VER analysed in the destination-level section. The following analysis is based on three individual networks that each provides an example of exchange and learning by way of network relations. A single STF respondents is representative in each of the three identifies networks, which are highly focused on the individual STFs' needs in terms of external knowledge to run their firms. The two first networks are similar constructs and their members represent different occupational groups; the third network is trade specific.

9.3.5.1 BizNet

BizNet is a formal business network established in the context of the handball club of the city of Viborg. Network members sponsor a minimum of 25,000 DKr to the handball club annually in order to be members of BizNet. According to the BizNet website (2011), its purpose is to establish and develop personal business relationships that may contribute to additional business ventures, establish specific references and access to new business opportunities and bottom-line results as a consequence of relational ties. The network members meet ten times a year for a few hours, they are divided into a maximum of 35 persons per group, and there is a maximum of two network members from the same industry in each group (Viborg Håndbold Klub 2011).

Interviewee H, the STF represented in this network, has been a member for four years, i.e. since she started her current business venture. Below she explains her reasons for involving herself in BizNet:

> I am a member of BizNet, and that is in a business context. I am an entrepreneur and have always been, but there is a difference in being an entrepreneur and a hard core business and when you have been

> through a crisis and is to survive, then it may be more beneficial to see yourself in relation to business people. So now, when I engage in networks, I engage in networks with businesspeople. And that I do every other Thursday morning in the city of Viborg where I meet up with 22 other managers, general managers, lawyers, accountants, banker, etc. (Interview H, 27:30)

Interviewee H is a driven businesswoman focused on providing her customers a high-end product; she perceives herself as an entrepreneur and is focused on ensuring constant development and process in her business ventures. However, as mentioned in the quote, a crisis has forced her to find additional customers segments to survive.[49] Her previous experiences and business drive may have led her to actively search for new knowledge sources to gain new knowledge and insight to help her develop as a business woman, make her more competent and better able to cope and adapt in an uncertain business environment.

She describes the network as:

> (…) a network where you can be yourself, and for myself that is together with someone who…well, when you are together with accountants, bankers and lawyers who in terms of financial issues are in a situation where they have more experience and have a stronger basis of knowing a great deal in this respect. So, in that sense I always have someone whom I can ask about these things (Interview H, 29:10)

Interviewee H maintains that very few actors from the restaurant and hotel business engage in such networks as BizNet, even that it is an atypical thing to do in her business area. For example, she is the only restaurant and hotel represented in BizNet. She identifies more with firms from other industries based on their approach to running a successful business, than with firms similar to her own in terms of organisational proximity. For her to be in a network entirely based on similar firms would not be beneficial as competition would be too intense and she would “hold her cards close to her chest” (Interview H, 37:43) and not engage in knowledge sharing that might spark new business initiatives (cf. chapter 4, section 4.3.).

[49] Due to the financial crisis, interviewee H’s revenue has dropped as a large part of her customer-based, i.e. young couples getting married, no longer have the same financial resources (Interview H).

> (…) now I am in a network with people who I feel that I can be confidential with and who maybe really may come with an opinion on what I am working with when I ask them (…). So, that is why I think that this network across occupational groups, actually is the network that I benefit the most from, because it to a further extend is possible to be yourself (…) (Interview H, 37:43)

The value of this network and its seemingly established embedded relational ties are conditioned by the organisational diversity of the firms as they represent many different occupational groups. Moreover, the cognitive proximity of the firms in terms their shared desire and goal to develop as businesses by engaging in collaborative constellations with other business that are equally pro-active and open to exchanging knowledge and experiences. The absence of competition between the members may contribute to a trustful relationship between them as the risk of feedback on the basis of personal gain is perceived to be unlikely. A condition of trust that is underlined by the interviewed STF, who on two different occasions says that she can "be herself" around the other network members, insinuating that she lets her guard down and is not afraid that her business ideas are stolen and that she is open and willing to receive feedback and suggestions - also on her personal characteristics as a business-owner and manager (Interview H, 37:43).

The knowledge processes facilitated by these embedded ties focused on feedback on individual business ideas and topics of interest that are discussed at the meetings ten times a year; a knowledge process that both include tacit and explicit knowledge linking to know-what, -how, -why and -who. The interviewed STF uses her BizNet relations to gain knowledge of the overall business market, for instance specific knowledge about which industries are struggling as a result of the financial crisis and which firm-types she would benefits from avoiding in her proactive sales work (Interview H, 39:52). She has easy access to legal advice via the network, and she has taken advantage of this in a situation where a customer could not pay. Overall, it seems that the network gives its members access to knowledge that is otherwise difficult to obtain and based on feedback insights about their businesses and them as business owners. Such knowledge and insight may fit an exploitation strategy as it seems to be a matter of making work routines and processes more efficient and highly professional via improved capabilities as professional business owners. Moreover, the network supports examination within the network, and network members bounce ideas off each other and give feedback. However, without the interviewed STF providing specific examples of this, it may also be argued that exploration, e.g. the development of new business concepts or collaboration, is present as this, from a theoretical perspective (cf. chapter 5, section 5.5) is likely to be a result of the network member's occupational mix and their willingness to share detailed knowledge. This is a network that is likely to lead to the application of exploration, examination and exploitation strategies alike. What is more, focusing on the interviewed STF partaking in this specific network, moreover provide an example of a STF that in times of perceived environmental uncertainty (cf. interview H, 27:39) invests in new relational ties with the aim to increase the rate of development as suggested by Rowley (2000) (cf. chapter 5), contrarily to exchanging relations with whom she has worked with before, or firms who are very similar to herself as way of reducing element of further risk, uncertainty and potential loss of resources.

9.3.5.2 Søgaarden's Network(s)

This section is particularly interesting as one of the interviewees (Interview N) is the initiator and driving force of a number of female networks that give feedback, exchange experiences and learn from collaborative network activities to develop her own and her fellow network members' businesses. These networks represent the core of her overall business network via which she accesses different kinds of resources. This section is an analysis based on interviewee N's reasons for initiating the networks and with that, her perception of network relations and activities.

Interviewee N describes herself as a passionate entrepreneur with innovative business development and marketing ideas (Interview N). These competences reflect her many different business activities, which in the words of Pasanen (2003) categorise her as a portfolio entrepreneur since she is engaged in more than one business activity (i.e. B&B, a shop, an atelier/ graphic design). Her natural drive to develop and try out new things influence her interest in facilitating different networks (Interview N, 11:05). For instance, interviewee N was mentioned previously in this chapter as the initiator of the B&B network for B&Bs that offer more than just a bed (cf. section 9.3.1.4). This section takes its point of departure in some of the more central networks (i.e. Fletværk, Web Queen, Hønsene) which interviewee N has (co-)initiated and facilitated:

> A: (…) About 5-6 years ago I started a network called Feltværk [Wickerwork]. We have four boys and I thought that there were more than enough men here with me as only hen and then I thought: "I have to do something about this" (…) So I thought: "What's the worst thing that can happen?", and that is of course that no one would be interested, but I called up a firm and said: " You also have a small firm, do you think that we can benefit from each other in some way?". I wanted for us to meet up, I didn't know under what circumstances but we ended up meeting once a month and I called it Fletværk (…) So, I contacted one and then there was another one (…) they had the same needs as me, but there were none of them who had taken the initiative and it just goes to show that sometime it is just about having the guts to do something about it (…) and I have actually realised that I am really good at that.
> I: What was your need?
> A: Well my need was to meet other independent businesswomen, someone who wanted to do something, some of those women who serve on the Parent Teacher Association and who matched me professionally, right? But we weren't to be too similar (…) there weren't to be other with farm shops like me (…) The most important thing was that there were other liberal professions and some creative ones as well. We were 11 when we were most (…) (Interview N, 48:46)

The need to find like-minded and driven female entrepreneurs to share experiences, discuss and be creative with is the primary reasons for initiating and facilitating Fletværk. Although the network is now dormant, relational links between the women still exist; but as the interviewee states, if the network is to become active again, she knows that the effort is to be made by her as "that is how it always is" (Interview N, 52:12). Despite the dormant state of the Fletværk Network[50], the reasons and conditions for engaging with other female entrepreneurs in networks are continually the same.However the networks individually appeal to different areas of interest reflected in the members' ability and competences (cf. Mayer et al (1995), chapter 4). As implied in the quote, organisational diversity is important for the interviewee when she constructs and facilitates collaborative networks. As she similarly maintains in relation to the B&B-network, the competition would likely become too

[50] Fletværk is dormant because interviewee N experienced personal problems and did not have resources to invest in the network (Interview N, 52:22).

great if network members are too similar. However, she stresses that a commonality of some sort is essential in terms of driving the network (Interview N, 18:57). Web Queen is another example of this approach to collaborative network activities being effectuated.

The Web Queen network is a result of introductions at a three-day course about visibility on the internet and social media initiated and facilitated by public authorities. Know-who knowledge facilitated by this course in the context of a public authoritative body leads to the further development of relational ties established beyond the involvement of these public actors.

> I can't remember who specifically arranged the course, but afterword we were a few that agreed on that we would continue to meet up (…) straight away we were a few that spotted each other. I was the oldest but I did not have a web shop at that time and I asked the others: "Why do you have web shops?", and they answered: "Well, that is simple the direction things are developing". So okay, and like this and like that… (Interview N, 16:19)

Interviewee N designed a web shop for her products, and she gained access to the knowledge she needed by establishing relational ties to other female entrepreneurs with whom she could identify, and who very importantly had web shops. The women represent different occupational groups, however with one shared aim, namely to improve and develop their on-line market position.[51]

Concerning this network interviewee N states: "We were a few that spotted each other". She views these other women as being similar to her, sharing her drive to be a professional and pro-active businesswoman who is not afraid to take new initiatives (Interview N, 48:46). This is another example of the importance of cognitive proximity as a critical condition for forming strong relational ties that make network actors e.g. comfortable about sharing specific business knowledge, including positive and negative experiences (triumph and hardship), and feeling comfortable enough to provide honest feedback and trust in the

[51] The five women of this network sell different products. One sells dancing shoes, one sells organic shopping bags and drinking bottles, one sells sewing equipment, another herbs for horses and one runs a B&B, atelier and whisky shop.

feedback. The main purpose of interviewee N's female networks is to facilitate exchange of experiences and very importantly for the network members to evaluate and provide feedback on each others' business initiatives.

> (…) I am in this group where we are five women that each have a web shop and we benefit from each other (…) We talk about fairs, getting on Facebook (…) we discuss newsletters, provide feedback on each others' initiatives, yeah? We evaluate each others' things and have looked through each others' websites and web shops (Interview N, 16:47)

By providing feedback and constructive criticism the women help improve and develop each others' firms and possibly increase the success rate of their firms.

Another network for women initiated by interviewee N is more creative. It is called Hønsene (The Hens) and is a network of women who get together and paint. According to the interviewee she initiated this network because she needed constructive criticism when she paints to develop as an artist (Interview N, 54:44). The women of this network are also a diverse group consisting of relations established in other contexts such as maternity gymnastics and previous teaching jobs.

Despite the apparent positive outcomes associated with this web of networks, being network initiator, facilitator and co-ordination is a demanding task.

> (…) but it also demands a lot of me, because I use my home but then I think: Rather profile my business through them, the good word-of-mouth they [the network members] hopefully will spread as a result of their visits. Indeed, it may be just as valuable as a report or an expensive add, yeah? So I'd rather have that as long as I can accommodate them and have a good time doing so. So in fact, it is very much about openness and me giving and getting something in return (Interview N, 54:44)

However, as the quote implies, these efforts are an investment and consciously made by view of the relational ties as a business asset. Interviewee N's overall business network and hence relational ties have an additional purpose. Interviewee N states that there is an ulterior motive in her building a comprehensive business network: In addition to her relations spreading the word of her businesses and her as an active and innovative businesswoman, the networks give her access to resources (e.g. a helping hand closing down her shop) which she otherwise would have to hire people to do (Interview N, 54:44); something that she cannot afford to do, especially at present. As the current economic recession has had a negative effect on her business economy.

Building networks and nursing relations is seemingly a calculated business strategy, supported by the fact that the interviewee at the time of the interview was a day from hosting a party celebrating her network (Interview N, 56:05). The interviewee says that it the people she is closest that are invited; thus emphasising the embedded character of the ties she invests in, and the importance of reciprocal openness, trust, dedication, and strong communicative links that altogether provide the resources and activities she needs to develop professionally.

Interviewee N's overall business network may be argued to facilitate specifically tacit but also explicit know-what, know-how, know-why knowledge, and tacit and explicit knowledge are actively sought and combined resulting in positive business activities. The broad mixture of actors that represent different occupations groups, the high degree of trust reflecting integrity and competence trust but also goodwill trust in the absence of competitiveness between the firms due their diversity, all mean that the network members contribute with specific individual occupational knowledge that otherwise would be difficult to access by the others. Their high degree of openness and ability to communicate facilitates knowledge processes most efficiently. The knowledge strategies reflecting the overall business network support exploration, examination and exploitation as overall network outcomes include development and improvement of individual business activities based on collectively evaluating, discussing, providing and receiving feedback on e.g. ideas and business initiatives (examination and exploitation). It investigates new business development initiatives such as embedding a reference to a small promotional film clip in the barcode of products and marketing products in an entirely different way (Interview N, 17:42), which, if pursued, may support exploration.

9.3.5.3 Camping Site Trade Network

This case concerns the informal network of relational ties between camping site owners across the country; relations that the interviewed camping site owner keeps returning to during the interview when asked to elaborate on who she collaborates with in running her business.

The interviewee and her husband have owned and managed the camping site for nearly four years (2011). It is their first venture as independent business-owners and they have no previous experience with or knowledge about the tourism industry. The interviewee says that during the first years as a firm-owner she "joined everything she came across – anything that smelled like network" (Interview F, 13:54). She is one of the few interviewed STFs that has made use of the many different business development services and network activities offered and facilitated by VER: she joined VER's Female Network for female entrepreneurs; she has used VER's entrepreneur business development support, a service that e.g. includes developing a business plan, problem clarification with assistance by specialised consultants and advisers in e.g. law, accounting, finance, advertising, and bookkeeping (cf. chapter 7); and she joined VER's network for newly started businesses (Erhvervsnet), which compiled actors from many different occupational groups. However, regarding the latter network, the interviewee states:

> (…) We were five businesses. One a carpenter, one a graphic designer, another website designer and then a woman that decorated houses (…) It was very interesting and such, and it was really good in the beginning but I though that: "No, it is camping that I think about all the time, and tourists". People in the building trade do not do that, yeah? But indeed, there were some interesting things in the beginning, but is it also about spending one's valuable time (Interview F, 14:45)

The main point is that relational ties and thus related knowledge benefits sough by the interviewee quickly changed to be specifically oriented toward ties linking to tourism and camping, as opposed to relational ties linking to different occupational group and their knowledge resources.[52]

> L: (…) well, it more becomes a core of something that is camping-related. So, (…) then we meet the other camping site mangers when we attend fairs and other activities. They are the ones that are interesting.
> I: Are they from all over Denmark?
> L: Yes, and we have about seven - eight camping sites where we have some fun together and where we can call up and ask: "What am I to do now, now that I am in this and this situation?" and where we provide each other with good advice (…) they know what it is all about, what we are dealing with. So, that is incredibly important. It is more important than…that is, I can call up another florist. It does not have to be the one I know (…) So, my need for being in a network simply for the sake of it is not the case anymore (…) (Interview F, 19:26)

In terms of collaboration and sharing detailed trade specific knowledge between similar firms, the informal network of relational ties between the camping site managers point to geographical distance between the actors as of importance. This is emphasised by the interviewee as she maintains that she only is willing to engage in cross-referral agreement with camping sites that are not too close by:

> (…) some of the camping sites which we talk very well with, they are on our website too – we link to other camping sites as well. But not all of them, not the ones that are located close by, those we do not link to (Interview F, 53:59)

There is an aspect of competition between the camping sites that are close to one another, and it seems that the fear of losing customers to each other obstructs the development of a trustful relationship and collaboration between these parties. It may be argued that relational ties between neighbouring camping sites are arm's length as the risk of opportunistic behaviour if collaboration is initiated is a likely competitive strategy.

The former of the two quotes (Interview F, 19:26) moreover emphasises close cognitive proximity in terms of sharing similar experiences and knowledge about owning and

[52] I = Interviewer, L = respondent

managing a camping site as central to the development of strong relational ties. Indeed, cognitive proximity is a seemingly highly valued condition concerning the embedded ties of this informal network between camping sites. Moreover the core of the interviewee's informal network is also characterised by social proximity and she describes these relationships as having a more personal aspect in the sense that they "have fun together". Later in the interview she links this to "liking each other", "having common interests", "having opinions that we share" (Interview F, 48:15):

> (…) well, you hang out with people with whom you have something in common …just as when you meet new friends. We have most contact with the camping site managers who are more recent in the trade (Interview K, 38:08)

The quote captures a perceived difference between new firm-owners (embedded) and more experienced firm-owners (arm's length) and that close collaborative behaviour between these two groups does not seem to be a tradition. The quote highlights the potential influence of business sector seniority in relation to actors having close cognitive proximity and in this case thus building strong relational ties. The interviewee furthermore states:

> L: (…) but they share knowledge and experiences in another way that him who has been in the business for twenty years.
> I: How?
> L: They are much more candid (…) If I have a problem, such or such, or a little thing that isn't working in relation to a tap or something, then you don't talk to the site managers who have been here for many years. Or at least I have not experiences anyone of them who are like that. They have their core [of relation], that is at least how it seems (Interview F, 38:34)

In terms of knowledge processes, the quotes concerning this trade specific network point to the fact that knowledge sharing processes are very informal and casual. This is reflected by the transfer of primarily tacit knowledge in the form of know-how about everyday routines, experiences and challenges such as a problems with a specific kind of tap, but also transfer of more explicit types of knowledge concerning for example websites alterations and how they practically have gone about these changes (Interview F, 50, 52); or the specific cost of renovating camping site playgrounds (Interview F, 52:02) (know-what). From the perspective of the interviewee, who is a fairly new camping site owner, the arm's length ties in this informal network are the more experiences camping site owners (who primarily interact among themselves), and the knowledge facilitated by these ties is much more formal and business-oriented and often pertains to explicit know-what (price, cost). Her more embedded relationships with the less experienced camping site owners, like herself and her husband, are more personal and facilitate tacit knowledge, which is more specific and even sensitive (in a business context), i.e. reflecting the fact that embedded ties in this case are a condition of reciprocal understanding and trust. The trade specific relations that is a combination of embedded and arm's length ties are argued to primarily support exploitation strategies in terms of obtaining knowledge from colleagues to avoid spending unnecessary resources and, as argued by Rodan (2005) in chapter 5, section 5.5, avoid the mistakes others have made in the past and possibly achieve ends faster and at less cost.

9.3.6 Section summary

Concerning STF firm-level networks that primarily have network purposes and outcome linking to knowledge exchange and learning, the empirical data provides three network case examples which may be categorised in two kinds in terms of network member composition. BizNet and Sørgaarden's Network equal the first category, namely networks composed of actors that represent different occupational groups (industries), and facilitate specialist knowledge such as legal, financial advice (know-how, know-why), or personal (know-how) experiences with a common topic of interest such as how to develop a web shop. The networks moreover provide an environment where the fear of misinformation, opportunism and dishonest feedback is limited due to limited direct competition between network members. In other words, the willingness to speak openly, share detailed business knowledge and ideas, as well as negative and positive business experiences, is relatively high in networks where members represent distinctly different businesses. The central condition is, however, that the members have some sort of commonality, e.g. a shared business interest that cuts across occupational groups (web shop development) or a reciprocal need to access each others' specialist knowledge to improve their own competitive advantages e.g. by strengthening their capabilities to adapt to an increasingly uncertain business environment. The two networks are formal and as illustrated by the table below, characterised by embedded ties primarily facilitating tacit knowledge, but as the members belong to diverse occupational groups and in their daily work routines are occupied with entirely different areas of work they have the ability to provide fellow network members with knowledge that otherwise would be difficult to get access to, at least without having to pay (e.g. legal and financial advise). Reciprocal acts of feedback and direct application of specialist knowledge and advice imply that both networks support exploitation and examination based on embedded ties. Moreover, the empirical data offers an example of explorative knowledge processes being pursued, more as a result of the members' dedication to business development than because they represent different occupational groups.

Table 9-4 Learning and exchange-oriented network characteristics

	Networks					
	BizNet (formal)		Søgaarden's network (formal)		Camping site trade network (infromal)	
Ties						
Embedded	x		x		x	
Arm's length					x	
Knowledge						
	Tacit	Explicit	Tacit	Explicit	Tacit	Explicit
Know-what		x		x		x
Know-how	x		x		x	
Know-why		x		x		
Know-who	x					
Exploration			x			
Examination	x		x			
Exploitation	x		x		x	
Benefits						
Exchange & Learning	x		x		x	
Business activity	x		x		x	
Community						

The other type of network is composed of actors belonging to the same trade, as such providing trade specific knowledge. The trade specific network in this analysis is informal and encompasses embedded and arm's length ties alike; the more embedded ties are with firms that are most similar (experience-wise due to business seniority). However, despite the seeming difference of tie strength in the informal trade specific network, the empirical data indicates that the knowledge facilitated by both ties is a broader knowledge supporting exploitation. This finding is not surprising as the firms despite geographical distance and business seniority are competitors, and from a strategic point of view have little to win by sharing their most valuable knowledge with firms they are in direct competition with. Characteristic for all networks analysed in this section is that they from a professional perspective are very focused on collaborating with other firms that share their passion and dedication to develop as their business. The analysis shows that there is a direct link in these networks between the actively sought after knowledge exchange and learning activities and positive business activity outcome. The three cases show no direct indication of these activities transferring into positive community values, but as indicated in some of the other network cases analysed, this is a likely result. For instance, engaging in learning and exchange activities that result in positive business activities may put a positive spin on a small local area, potentially providing a sense of local pride.

9.4 Summary: Firm-level networks

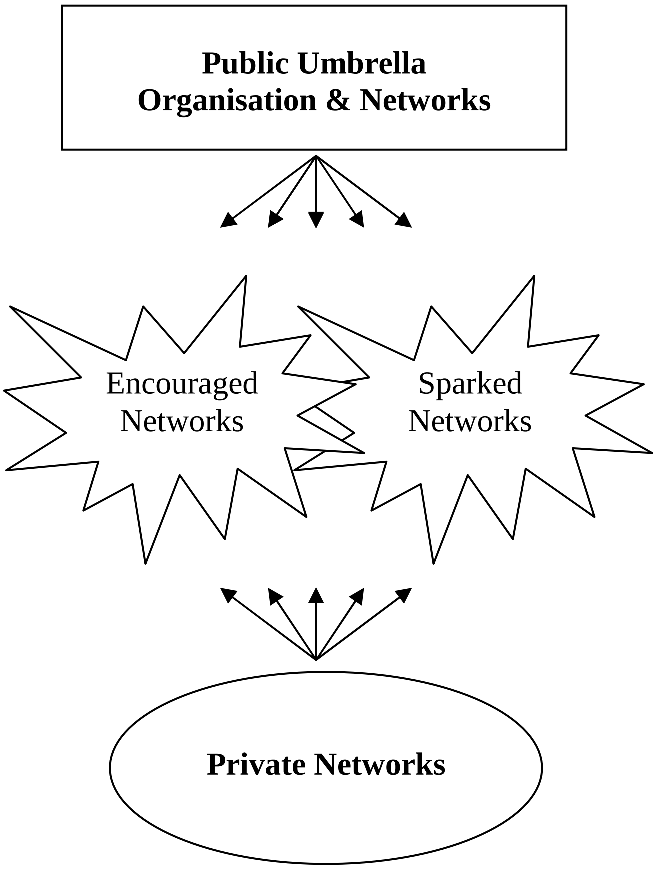
The analysis of the identified STF-level networks, i.e. networks that are not initiated, facilitated and coordinated by local public authorities, have been organised according to three main network benefit outcomes identified by Lynch et al (2000) in Gibson & Lynch (2007): (1) Networks oriented toward business activities concerning joint promotional activities, joint product development by bundling tourism products, cross-referrals, and pooling expertise and resources to better access external funding; (2) networks that contribute to building community value, illustrated in the analysis by actors fostering a common purpose and focus, and engaging in activities that result in more money staying locally; and finally (3) networks that are focused on learning and exchange activities which in relation to the STF-level networks are put into practice via knowledge sharing, e.g. in the form of discussion sessions, feedback, providing/receiving specialist as well as more general knowledge. Having analysed the different identified STF-level networks and sorting them according to which of the three network benefits is the central network benefit outcome, specifically the business activity benefit reflected in collaborative marketing activities has demonstrated to be the outcome strived for in the majority of the networks. As maintained by Lynch et al (2000) in Gibson & Lynch (2007), the three benefits are interrelated – one benefit often transferring into positive outcomes in relation to one of the other benefits or even both. This is also the case in the majority of the STF-level networks analysed. All but two networks support two or all three benefits, only two result in one network benefit (business activity): one intentionally due to a very focused network purpose (City B&B network); and one unintentionally (the Kjellerup Network), as not only business activities (joint marketing) are sought but these activities must have their source in an existing sense of community and hopefully increase it, however without success. Generally, however, the STF-level networks and the benefit outcome achieved in these networks emphasise that collaborative activity is often (consciously and unconsciously) multi-purposed and interrelated.

Of the ten core STF-level network structures (= 11 networks, as two of the eleven networks have the same STF network core actors) eight can be categorised as having a formal structure, two an informal structure. Despite formal or informal network characteristics, the general picture is that the networks primarily consist of embedded ties of varying strength, cf. Heffernan's (2004) argument that different stages of business-to-business relationships reflect the development of different trust components (Mayer, Davis & Schoorman 1995, Schoorman, Mayer & James 2007, Sako 1992) (in chapter 4, section 4.4.1). In combination with network purposes, the type of reciprocal trust in the network also has an influence on the depth of the knowledge shared in the networks.

Key incentives to engage in networks are to access and potentially control resources, and specifically achieve collectively what cannot be achieved singlehandedly (cf. chapter 4, section 4.1.). This is also the case in the STF-level networks of this study, where especially sparse resources pertaining to time, money, man power, and specialised knowledge have proven to be the main limitations in terms of singlehandedly creating, strengthening market position and adapting to a business environment that by the vast majority of the interviewed STFs is perceived as uncertain. Findings of limited STF resources and STFs' investment in embedded ties are interlinked in the sense that business exchanges by way of embedded ties are less time consuming, knowledge provided by embedded ties is detailed and accurate, just as strong reciprocal expectations and abstention from opportunism are essential characteristics. The point is that investing in embedded ties is a way to save and build resource stocks without too many risks attached. In theory a risk pertaining to embedded ties is that they typically do not facilitate access to socially distant ideas, influences and information that can spark development and innovative processes. Indeed, there is some truth to this, but a tendency especially detected in relation to the learning and exchange networks is that STFs compensate by forming embedded ties with other occupational groups and thus entirely different knowledge-bases – gaining 'easy access' to such distant knowledges. Moreover, the analysis provides examples of embedded ties supporting explorative business development processes based on the recombination of existing knowledge (know-how), hence creating new knowledge and ideas about how to solve joint problems (e.g. The Fair Network). The analysis also provides examples of STFs' engaging in new business development initiatives as a result of making active use of explicit knowledge facilitated by arm's length ties. Indeed, moreover providing an example of an arm's length ties that for a temporarily clears the way for exploitative processes due to time restricted intense cooperation and resource investment. However, knowledge characteristics of STF-networks are primarily the exchange of tacit knowledge as opposed to explicit knowledge, and even though the STF-level analysis provides examples of STFs' embedded ties supporting explorative business development processes, tacit knowledge sharing supporting exploitation is the dominant characteristic. Another tendency seems to be that networks with a high degree of trust and where actors can "be themselves" due to many years' collaboration and/or limited direct competition support examination strategies within networks; e.g. reflected in feedback and discussion relating to individual firms issues and ideas. This specifically points to a central finding, namely that a general condition for STFs to engage in collaboration on firm-level, is that they do not experience any direct and/or threatening competition with the firms they collaborate with. Depending on STFs' perception of market uncertainty, if collaborative actors are geographical close and provide similar products or not have also proven to be a condition for trustful relationship building and the level of information shared. E.g. if business is thriving and there are more than enough customers to go around, STFs do not seem to have a problem engaging in e.g. cross-referral with businesses that provide similar product and are geographical close.

The first part of this chapter focused on destination-level public umbrella organisations and the activities and specific networks they facilitate and of which the interviewed STFs are members. The STF-level networks are initiated and facilitated by the firm-level actors, but as the Figure 9-1 below illustrates, the analysis shows that some of the firm-level networks emerge as a result of the interplay between private tourism actors and public actors that influence the tourism development in the municipality.

Figure 9-1 Public and private network types in a STF context



Source: Own making based on analytical findings

As far as the inter-relatedness and inter-dependency that characterise the tourism industry, the analysis shows that some of the STF-level networks in which the STFs engage are linked to public-level initiatives concerning tourism, business development and marketing. As illustrated, two network types have been identified as resulting from the interplay between public and private actors: *Encouraged networks*, i.e. relational ties that STFs are encouraged to establish or develop after initial firm introductions in a public network context. Examples of such collaborative relation are interviewee H, a hotel and restaurant owner, who established contact with a long term collaborative partner via The Food Network in the context of VER; another example is interviewee N, a small B&B, atelier and shop owner, who attended a competence development course initiated by local public authorities and in this context followed up on the incentive to establish networks with fellow course participants to exchange experiences. Likewise the interaction between the destination's B&Bs and other accommodation providers is partly supported by the encouragement of VV, the local DMO, but only to a minimal extent as they have existing strong initiatives to engage in collaborative activities with each other. The other STF-level network type is slightly different in terms of how public actors have influenced the emergence of these networks. These networks are categorised as *sparked networks* and include The fair network, The tour coach network and The Kjellerup area's tourism information service network, i.e. networks that have emerged as a direct consequence of STFs' dissatisfaction with the tourism development and marketing initiatives taken by VV. This is an interesting result considering the frustrations expressed by public local actors in terms of the STFs' limited interest, involvement and investment in publicly initiated, facilitated and coordinated actor/network initiatives. It is interesting because it suggests that although publicly initiated, facilitated and organised activities do not always live up to the purpose in the eyes of both public and private tourism actors, they do over time spark collaborative relations that exist parallel with public initiatives. From a policy perspective this knowledge may be prudent to acknowledge. Especially from a public tourism actors perspective it may be a valuable investment to attend to the reasons causing STF-dissatisfaction (in this case alleged limited public focus on the more peripheral areas) to ensure the support of the destination's active STFs and efficient utilisation of public and private resources. This would limit the risks of fragmentising the destination as actors work to realise different goals and pull the destination in different directions (cf. chapter 4, section 4.1).

Finally, based on the above findings about what affects formation of STF-level networks, it is natural to ask whether one network type has proven more successful in its collaborative network ventures. However, this does not seem to be the case. There is no rule that e.g. all networks sparked in dissatisfaction with publicly initiated tourism development and marketing initiatives are naturally successful. For instance, The Fair Network and The Kjelleup Area Network are business activity-oriented networks that emerged from the same experienced dissatisfaction with destination-level efforts to promote the destination as a whole, yet the success of these networks are not the same. Overall, the STF-level network imply that network success (achieving intended network purposes) is a result of network actors' close cognitive proximity reflected in a shared experiences and sense of urgency concerning network activities, and thus that the network is characterised by member reciprocity. Indeed, as argued in relation to public network initiatives, network management in terms of a shared sense of direction and actors' expectations being matched are also central elements concerning the success of firm-level networks.

10 Small tourism firms' inter-organisational relations and knowledge processes: Conclusions and perspectives

The study has focused on the inter-organisational relations of small tourism firms (STFs) and knowledge processes and how these interactions influence STFs' business activities. The inter-play between STFs' inter-organisational relations, knowledge processes and specific business outcome is investigated by way of the following research questions: 1) What are the characteristics of the individual tourism firm? 2) In what ways are small tourism firms' inter-organisational relations characterised as embedded and arm's length ties, respectively? 3) What knowledge types, tacit and explicit, do small tourism firms' inter-organisational embedded and arm's length relational ties facilitate? And 4) How is the relational ties' knowledge content put in to practice in terms of knowledge strategies that support exploration, examination, and/or exploitation? Different theoretical topics and perspectives are applied in the study: small tourism firm strategic management; social network theory and the role of social embeddedness in networks; and organisational knowledge management focusing specifically on knowledge creation processes. This signifies that theoretical reflections also are part of the conclusion, partly because the empirical foundation of the study is analysed based on these different theoretical perspective; partly because the study has identified limitations in terms of estimating relational tie strength. Specifically, there is a variation in scale of how embeddedness is determined based on trust as a mechanism. Moreover, from a theoretical perspective there is reason to view STFs' business activities from a relational level and not merely from an individual firm level to determine their entrepreneurial characteristics. Before discussing this further, a word on the methodology.

The methodological backdrop of this study is critical realism, which puts forth an understanding of the existence of a reality independent of our knowledge of it, in this context, acknowledging social processes as meaningful and the understanding of these processes as essential in knowledge generation. The methodological backdrop furthermore relies on a hermeneutic process that is transparent throughout the study e.g. by the interchange between theoretical deliberations and the study's empirical foundation. The study follows the design of case study research, specifically the single case with embedded multiple units of analysis research design. The Municipality of Viborg, Denmark is the single case and the municipality's STFs are the embedded units. A total of 18 interviews have been conducted: 13 interviews with STFs and 5 interviews with representatives from regional and local public level that directly or indirectly influence(d) tourism development in the municipality and region. As the study aims to be representative of the case area's STFs, a range of STFs that are considered to represent a cross-section of the municipality's tourism industry have been selected, resulting in a mix of accommodation establishments, lifestyle and artisanal (work)shops, attractions and restaurants.

The argument that we live in a knowledge society touting collaboration and knowledge sharing as central to the competitive advantage of firms (Boschma 2005;; Halawi et al; 2005 Scott et al 2008) along with the increasing investments made in tourism as a strategy for economic growth due to the decline in traditional production industries (Gunn & Var 2002; Shaw 2004) form the basis of the study's explorations.

STFs are recognised as the dominant firm segment in tourism, specifically in more peripheral areas. The tourism and hospitality literature recognises STFs as having limited resources (specifically time, money, manpower and specialist knowledge). The majority of STFs are moreover lifestyle entrepreneurs prioritising personal goals, such as independence and flexibility, over economic optimisation (Ateljevic & Doorne 2000; Walker & Brown 2004; Morrison 2006); staying small for the sake of smallness (Nooteboom 1994); potentially ethically bounded by way of developing niche products that build on ethical and environmental beliefs not being compromised (Ateljevic & Doorne 2000). Moreover, the fact that many STFs are family owned and operated is suggested to demonstrate that social relations, e.g. with friends and family, are highly significant in small hospitality enterprises and their market exchange (Getz & Carlsen 2005; Lynch & Morrison 2007; Hall 2008) consequently limiting STFs' access to external actors offering distant ideas and knowledge likely to spark innovative processes (Scott et al 2008). All these characteristics suggest limited innovative behaviour in this firm segment (Hjalager 2002, Sundbo, Orfila-Sintes & Sørensen 2007). Indeed, this does not paint a pretty picture of an industry that based on its STF dominant characteristics is to compete in a knowledge society, especially in terms of the STFs supporting and actively contributing to development initiatives affecting the individual firm and the tourist destination as a whole.

Existing tourism research does suggest that due to the limited resources of STFs, collaborative strategies enabling access to resources that are otherwise difficult to obtain are highly relevant for this specific group of tourism actors, helping the individual firms build sustainable competitive advantages and create competitive advantages for the entire destination (Gilsing et al 2008). The study shows that viewing STFs' business development activities on a relational level, in addition to an individual firm level, may yield a more accurate picture of their activities, especially when we consider the interdependence of tourism firms in terms of providing a unified product (Grängsjö 2003), along with STF characteristics of limited individual resources to plan and implement new strategic initiatives (Hall 2000). With this approach, the study also questions the notion of STF lifestyle non-entrepreneurs by taking into consideration their collective initiatives, which supports Dewhurst & Horobin's (1998) and Morrison's (2006) argument that we need to go beyond purely economic definitions in the tourism and hospitality context as a picture emerges of entrepreneurs who base decisions on highly personalised criteria and not on economic growth.

Seeking to understand the inter-organisation behavioural and knowledge processes of STFs in a business context, the study relies on social network theory. The social embeddedness perspective is a particularly beneficial approach, as economic action is argued to be embedded in social relations and that knowledge is argued to be a social process. Moreover, the social purposes and interactions of a network are a reflection of the relational tie strength in the network (Uzzi 1997). Relational tie strength and knowledge processes are thus interlinked, and the aim is to illuminate how embedded and arm's length relations affect STFs' business activities, i.e. do they facilitate tacit and/or explicit knowledge and how is this knowledge applied in a business context? Embedded ties are perceived as relational ties distinguished by the personal nature of the business relationship and characterised by reciprocal trust, willingness to share knowledge and commit to joint problem solving; arm's length ties are more loosely connected, one-shot deals, tend to be impersonal, diffuse and shifting in members who are likely to be motivated by instrumental profit seeking.

To determine the strength of relational ties, Uzzi's (1997) three mechanisms of trust, engaging in joint problem solving and sharing fine-grained information have been applied. However, the study points to limitation of these mechanism both conceptually and empirically, specifically the necessity of a variation in scale of embedded and arm's length ties. An embedded tie is not just an embedded tie, as there are different degrees of embeddedness reflected in relationship characteristics. The study deems it necessary to broaden Uzzi's concept of trust to include different trust components (ability/competency trust, benevolence/goodwill trust, contractual trust, search trust) (Sako 1992; Mayer et al 1995; Staudenmayer et al 2002) based on the comprehension that different kinds of trust link to different stages of a business relationship (Heffernan 2004). This is an addition to Uzzi's initial conceptual framework argued to provide a more nuanced analysis from a theoretical as well as an empirical perspective.

Relating to tie strength, this study also deals with the phenomenon of proximity, viewing it as a condition of embeddedness (Gössling 2004). Geographical, organisational, cognitive, institutional and social proximity perspectives are relied on as explaining embeddedness between actors, or the lack thereof. Different proximity perspectives indicate the complexity of relations and the variety of factors of commonality and distinction that affect interaction between actors. Considering different proximity perspectives thus allows us to explain why some ties are preferred over others.

The salient aim of this study is to investigate the relationship between relational ties and knowledge processes from a business perspective; and from the point of view that relational tie strength and knowledge benefits are directly linked. As embedded ties primarily facilitate tacit knowledge benefits and arm's length ties facilitate explicit knowledge benefits, the proximity perspective can also be argued to have an influence on the transfer of knowledge. For instance, the cognitive proximity perspective reflects the cognitive capabilities of the individual or organisation as a whole, i.e. its ability to identify, interpret, and exploit knowledge. Cognitively close actors may thus learn from each other based on shared knowledge base and experiences; whereas cognitively distant actors may have difficulties relating and engaging in reciprocal knowledge sharing.

Knowledge generation processes have been identified as the result of the interplay between tacit and explicit knowledge types (Takeuchi, Nonaka 1995) (i.e. tacit-tacit, tacit-explicit, explicit-explicit, explicit-tacit). Tacit and explicit knowledge have been associated with four knowledge categories – some tacit, and explicit. Know-what knowledge, i.e. general knowledge and facts; know-how knowledge, i.e. skills, and competences; know-why knowledge, i.e. scientific/specialist knowledge but also experiences and even intuition; and know-who knowledge, i.e. who knows who and who knows what. Relational ties of different strength are argued to facilitate different knowledge benefits expressed in tacit and explicit knowledge types; moreover relational ties of different strength are argued to support different knowledge strategies, i.e. how knowledge is practically applied in an STF business context. The assumptions that have been tested in this study are as suggested in the literature (Rowley et al 2000; Sørensen 2007) that embedded ties primarily facilitating tacit knowledge support exploitation strategies referring to refinement and improvement of existing knowledge/products, whereas arm's length ties primarily facilitating explicit knowledge support exploration reflected in the search for new knowledge, ideas and risk taking. However, not neglecting the possibility of embedded ties primarily supporting exploitation also may support explorative knowledge processes, just as arm's length ties primarily supporting exploration also may support exploitative knowledge processes. Examination is a strategy that may be argued to be supported by embedded and arm's length ties alike. However, considering the tourism industry characteristics, such as the alleged dominant flow of tacit knowledge, high degree of environmental uncertainty, and high number of small family-owned firms with limited resources and suggested dependency on close relational ties, an assumption is that knowledge about e.g. new ideas and products for the most part may be contextualised and tested via embedded ties. Simply because the chances of trustworthy feedback are much higher when embedded ties are consulted than when arm's length ties are consulted.

Before investigating the inter-organisational relational ties of STFs, it is necessary to determine STF owner characteristics, business motives, and business environment. Individual and external STF-influences are acknowledged as significant factors that need to be taken into consideration to understand the individual firm's performance level, strategic decisions and actions formulated and implemented to achieve organisational goals.

Figure 6-1 which concludes the theoretical part of this study (chapter 6) sums up these different theoretical perspectives and approaches providing a visual of the study's overall analytical framework and offers the suggestion that individual firm characteristics affect who STFs form collaborative relations with, and that relational tie strength results in different knowledge benefits. How this knowledge is applied in a business context is a reflection of those ties and the knowledge they facilitate. All in all, suggesting that STFs' relational interactions may result in different kinds of business activities and possibly influencing the development of STFs relational ties, knowledge base (skill, competences, experiences etc) and perception of business environment Possible developments and/or changes that may affect not only the individual STF and its fellow network members, but indeed the overall business environment including the destination as a whole e.g. in terms of influencing local public-sector initiated tourism development initiatives or creating a sense of community.

Turning to the empirical and analytical part of this study and the first research question explored, the STF respondent group comprises many of the lifestyle entrepreneur characteristics suggested in the tourism and hospitality literature, such as limited financial and timewise resources, the latter by many of the interviewees linked to the fact that they view the firm and themselves as identical, signifying that they are involved in every little detail. The bulk of the STF owners are in the 50 + age group, which is identified as a factor keeping the STFs in this age segment from wanting to expand (size-wise) and is pointed to in the literature as a possible impediment to STFs pursuing business development initiatives (Hall et al 2009). Being small for the sake of smallness (Nooteboom 1994) is also a key characteristic supporting literature expectations concerning lifestyle entrepreneurs (constrained/ethically bounded entrepreneur). The majority of the firms are open all year[53], not only during the high season, exploiting low industry entry barriers and the possibility of turning a quick buck (Ioannides & Petersen 2003). The peripheral characteristic of the case area is suggested to have an influence in this context. The general STF approach is that due to their geographical location they are dependent not only on tourists, but also on the trade of the local population, and the spread in customer segment demands an all-year effort. Moreover, coping with the challenges of running a business in a peripheral area (as the bulk of the STFs do) with limited tourist activity part of the year is suggested to be a lifestyle choice and a question of 'going all in' to survive – a business approach that by several of the STFs is pointed to as necessary, especially during an economic recession where their products and services are not high on the consumers' economic agenda. This dedication is supported by examples of STFs taking wage labour as a supplement to STF earnings to survive, and not the other way around as suggested in the literature on STF.

In agreement with literature expectations concerning lifestyle entrepreneur STFs, a characteristic of the STFs is that many of them wish to be a home-based business because they find comfort and personal satisfaction in such an arrangement; just as the majority is dependent on practical help from friends and family. A limited number of the STFs have high levels of managerial and economic skills and expertise. However, all STF-owners have a background that in some way benefits their ability to run and manage their firms, either in terms of formal service sector training (administrative and personnel) or formal training that pertains to the product they create and sell (e.g. glass blower, flower arranger, chef). In many cases the personal interests and hobbies of the STF-owners are however a corner stone in their business venture(s). The notion that peripheral small businesses are inward

[53] The firms that are closed part of the year do so for private reasons (1), maintenance (1), restrictions on their functional areas (1).

looking and fail to appreciate and take advantage of global developments and opportunities (1999) does not hold when we focus on the individual firm cases. Awareness of societal trends is reflected in the products and services offered (i.e. ecology, quality, tourist involvement, personal development and learning), which suggests an orientation toward development. Not in terms of expanding in size, but in terms of staying interesting to tourists and locals to secure a stable income, even increase revenue.

Summing up, in contrast to the literature, there are examples of lifestyle firms that are both business-oriented and focused on economic growth (i.e. classic economic entrepreneur traits) e.g. by keeping up to date and adapting to societal trends, and while maintaining the quality of a small firm, i.e. few employees and a high and personal service level. In a few cases, this has resulted in multiple business activities, cf. Pasanen's (2003) notion of portfolio entrepreneurs, i.e. business-owners with more than one business activity at a time. Such STFs also point in another direction than the constrained/ethically bounded lifestyle entrepreneur (Ateljevic & Doorne 2000), as there is no indication of STFs rejecting economic growth as such. In many cases they seek economic growth and invest in additional business activities while staying small.

Relating to the second research question, the characteristics of STFs' inter-organisational relations, the analysis is divided into two main sections: destination-level networks and firm-level networks. Tourism is influenced by the public administrative level reflected in public strategic direction and public support programs/activities in national, regional and local organisations that aim to develop the industry. At the local level this entails joint product development and promotional activities, and networking activities across the private tourism sector and between private and public tourism actors. Likewise local public initiatives offer individual business development advice.

STF network activities at the destination level take place in the context of publically run umbrella organisations: VisitViborg (VV) the local DMO and Viborg Egnens Erhvervsråd (VER) the local public authority sponsored business development body. Both organisations and the activities they initiate, facilitate and organise are top-down and destination fixed, which mirrors the fact that geographical and institutional proximity from a macro-level perspective are key conditions that link actors in the context of these two organisations. The two organisations serve different purposes (i.e. tourism specific development and marketing activities and business development activities and offers, respectively), but both offer STFs vast opportunities to access various kinds of tacit and explicit knowledge relating to competence and business development. Nonetheless, the primary reason for STFs to involve themselves in the organisations' activities and offers is linked to the promotional activities, as only a few STFs use individual public competence and business development offers, as such supporting public perceptions and experiences in that context.

Far from all respondents are members of VER, and far from all STFs who are members use their membership, which indicates that being a member of the local trade council is viewed as a given when owning a business. The STFs list limited time resources, current business success and thus a lack of perceived need to make use of VER's offers as reasons for not using VER's offers. In comparison, all respondents are members of VV, the local DMO and the only formal organisation dedicated to developing and promoting the tourism industry within the destination, and the only organisation with the ballast of public funding and political leverage concerning local tourism development. Indeed, being a member of VV seems a natural choice for the STFs as it provides access to public funds. Moreover, their membership illustrates STFs' acknowledging that they are part of a bigger whole as individual contributors to a unified tourist product; and indeed the importance of this affiliation both internally within the destination by signalling that they belong to a defined groups of actors, and externally in terms of marketing. Although STFs do not see VER as equally important to VV with regard to their needs and expectations to individual and collective business activities in the context of public local sponsored bodies, relational ties to these umbrella organisation can be described as loosely embedded as reflected in ongoing memberships.

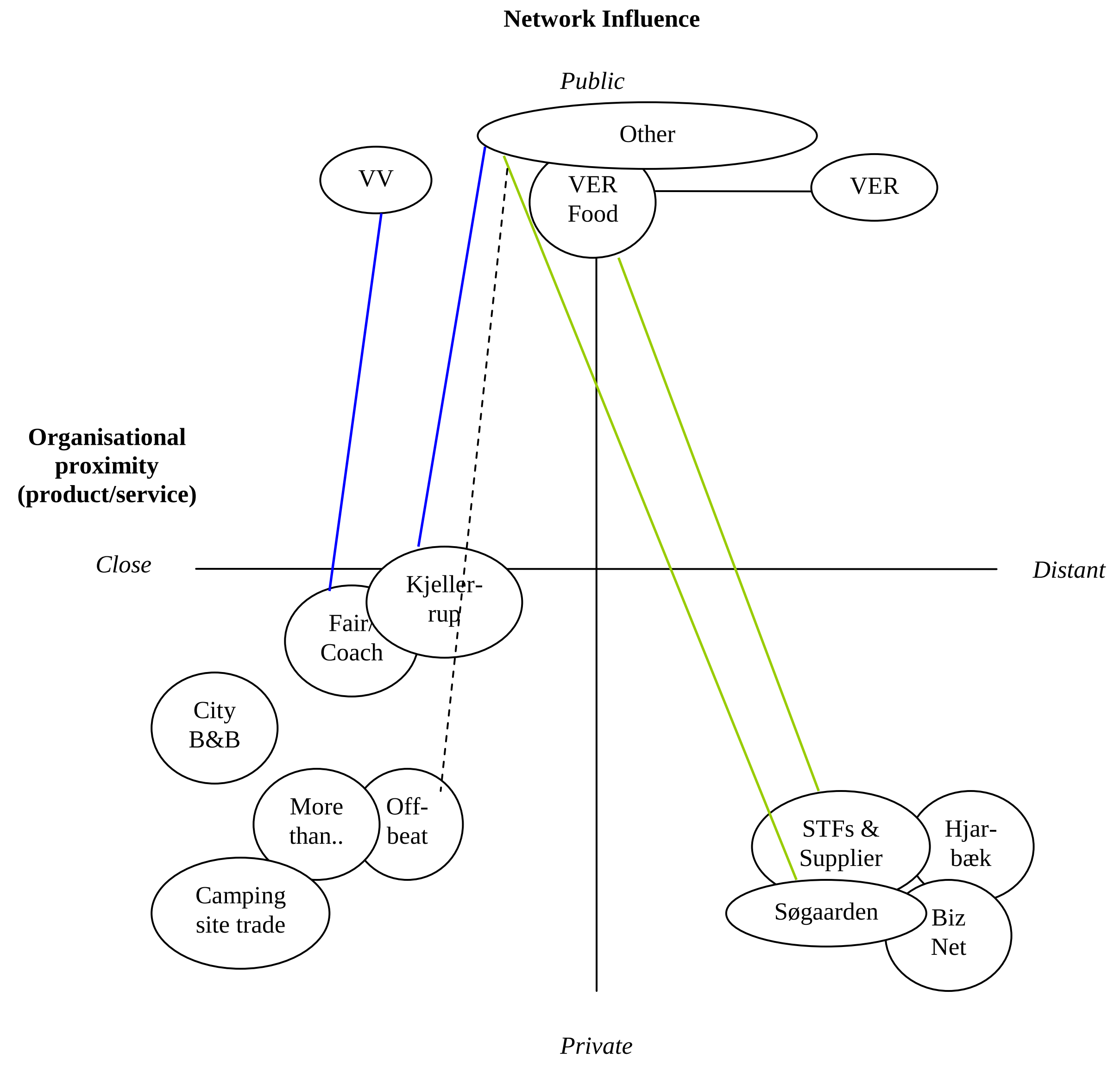
In facilitating collaborative activities, public actors/network initiators emphasise that STFs have a common goal, commonality and/or need if network activities are to be successful. However, despite such efforts, overall STFs are from the public level perceived to display limited interest in business development and in partaking in publically initiated actor/network activities. Public level actors point to STFs' limited (time) resources as an influential factor. As far as public network activities go, this study points to the servicing aspect (i.e. extensive network support) of the organisations to be an influential factor, moreover suggesting that the expected benefits of network activities have been thought about, whereas how the networks are to be managed, including matching network actors' expectations, has not been thought through and effectuated. Although public actors acknowledge that STFs have limited resources, they seem to think that STFs' reciprocity concerning the time and resources they invest in public actor/network initiatives ideally should be a matter of course. The reason being that STFs from a public point of view can only benefit positively from partaking in publically initiated, facilitated, and organised activities aimed at providing business growth individually or collectively.

Although the umbrella organisations have limited success in getting STFs to actively engage in development activities and collaborative constellations, the study points to the leverage of these organisations as providing especially joint promotional activities but in fact also as a breading ground for new parallel collaborative relations being established The latter is partly due to the organisations' ability to bridge disconnected actors, and partly due to STFs taking matters into their own hands when their expectations to public/private inter-organisational collaborations are not being meet. In the context of VV, STFs' perception of unsuccessful/limited communication and resource diversity reflected in firm size, geographical location (peripheral), and ability to attract tourists has made them feel 'overlooked', not heard, and without leverage in allocation of DMO resources. They therefore take matters into their own hands. As mentioned, the current study points out that a lack of network management in publically initiated collaborative set-ups is a central impediment to identifying and matching network members' expectations to ensure that they display reciprocity and thus network dedication. These factors are deemed critical for collaborative network success, short and long term alike.

The study thus shows that public initiatives have an influence on the development of STF-level collaborative relational ties and collaborative network formations and that the interplay between STFs and public sponsored bodies and their activities result in two types of intermediate networks emerging: *encouraged networks* and *sparked networks* (cf. chapter 9, Figure 9-1). Despite public influences, the two network types are categorised as initiated, facilitated and coordinated by STFs and thus as STF-level collaborative activities. Encouraged networks refer to relational ties which STFs are incited and urged to establish or further develop as a result of publically initiated, facilitated and coordinated activities. Sparked networks refer to networks that emerge as a direct consequence of STFs' dissatisfaction with public initiatives. In the scope of this study, STF dissatisfaction is particularly manifested in joint promotional activities in the context of VV. Figure 10-1 below illustrates the different networks identified in this study.

The blue line illustrates networks that are sparked; the green line networks emerging as a result of public encouragement; the dotted line illustrates cases where actors initially meet in the context of public initiated activities, but where network activities have emerged independently and parallel to these activities, i.e. without being encouraged or sparked.

Figure 10-1 Network diagram of STF s' networks



- Sparked networks
- Inspired networks
- Directly linked networks
- Initial contact by way of publically managed network
- The 'Other' category of public actors includes the DMO of the Municipality of Silkeborg, and publicly sponsored bodies providing course activities whose specific relation is not remembered by the respondents.

Based on the empirical data generated on the basis of the 13 STF respondents, it is evident that their individual collaborative relations result in a number of different networks.

Indeed, contrary to expectations identified in the existing literature, the findings point to very limited use of friends and family in business development initiatives. However, friends and family are highly valued in terms of practical assistance and of course moral support.[54] It appears to be other businesses that facilitate knowledge, ideas, inspiration and other resources (manpower, e.g. representation at fairs) concerning business activities and developments. Firm-level collaborative network ties have proven to be primarily embedded, but varying in strength. The general tendency is that integrity and ability/competence trust characterise the STF-firm level ties established. Contractual trust is also evident, especially in cases where actors engage in specific business activities, such as cross-referrals or when initial arm's length ties join forces to access external funding and collectively make use of these funds (Offbeat). Highly embedded ties, socially and morally obligated, resembling friendship reflected in a high degree of reciprocal benevolence and goodwill trust manifested in reciprocal expectations of open commitment are from a business perspective the most influential ties in terms of supporting all knowledge strategies concerning business activities orientated toward creating economic growth. This draws parallels to Uzzi's research (1996) as he found embedded ties to have the strongest influence with respect to overall business volume as a result of strong communication, information sharing and reciprocal understanding of needs and resources. There are examples, but very few, of STFs actively seeking and using arm's length ties to access external knowledge resources, ideas and inspirations. For instance, on individual firm-level by way of public initiatives accessing specialist knowledge regarding business development and economic strategy (Den Gamle Biograf) or media strategy (Hjarbæk Fjord Camping); on network (relational) level The Offbeat Network and The Coach Tour Network represent collective activities that reflect STFs' active use of arm's length to partly access ideas as well as highly specialised knowledge they would not be able to generate based on existing STF resources and knowledge base.

Embeddedness although varying in strength is the dominant characteristic of the STFs' current inter-organisation ties. In this context it is worth mentioning that the majority of the STFs identify the last five years as a period of uncertainty, specifically due to the global

[54] 'Friends and family' do not include couples owning and managing STFs.

economic recession. Considering the time dimension of the identified networks and their activities, several were established during this period and arm's length ties characterise the networks' pre- and early stage of interaction. Similarly, networks that are more than five years old have made use of embedded ties during the last five years. Contrary claims by e.g. Nelson & Winter (1982) and Podolny (1994) that in times of uncertainty firms tend to have exchange relations with whom they have worked before and can count on, and that the greater the uncertainty the more organisations engage in transactions with similar organisations, the STFs have displayed willingness to invest in new and potentially risky relationships in the hope that these relations would enhance their competitive advantage and business opportunities.

With whom STFs choose to engage in STF-level activities has proven to be highly conditioned by cognitive proximity, i.e. shared experiences, challenges, and business approach, as such highlighting a shared frame of reference as essential in terms of building embedded ties which with varying strength characterise STF inter-organisational relationships. In relation to marketing and product development activities, large tourism firms and publically owned tourism firms are by STFs mentioned as being too different, ”speaking another language”. In addition, they have more resources to invest and do not understand the challenges characterising the business world of a small privately owned tourism firm. The destination- and STF-level analysis shows that pro-activeness on behalf of (intended) fellow network members is not a successful strategy despite good intentions by public or private network initiatives. This also points to cognitive proximity being associated with especially organisational (large/small) and institutional proximity (public/private) perspectives. The study suggests that depending on STF-network (knowledge) benefits sought proximity perspectives are valued differently in terms of actors developing trustful relationships. The vertical value represented in Figure 10-1 above, organisational proximity (product/service), illustrates the general tendency that organisational proximity is a central condition to STF relational ties: Grouping STF-level network into two key groupings: networks based on tourism-oriented actors and network based on STFs and actors from other occupational groupings.

The majority of the identified STF-level networks focus on business activity outcomes, specifically cross-referrals, marketing and product development activities by way of bundling products; suggesting that this has a high priority among STFs, as also detected in their destination-level network activities. The importance of close organisation proximity is expressed in two ways: STFs are able to collaborate because they provide tourist products that supplement each other (for instance entirely different attractions, experiences and accommodation – e.g. The Fair Network, The Coach Tour Network); or STFs are able to collaborate because their products are very similar/equal (a place to sleep, 'more than just a bed'), however complementing by individually providing supporting products that set these otherwise similar product offers apart from one another. Concerning STFs' perceived competition, the aspect of geographical proximity has proven critical for collaborative relationships to emerge. In times of experienced market pressure collaboration between actors providing similar products is seemingly dependent on them being geographical distant (Offbeat, 'More than just a bed') so as to avoid too much direct competition, which may result in distrustful relations and limited reciprocity and opportunism as a strategy to gain competitive advantages. The actors' geographical distance is thus viewed positively as it provides them with the opportunity to move tourists from one attraction/accommodation/shop to the next, hence benefitting from each other cross-referrals. Contrary, in times of experienced market stability, collaboration between actors that provide similar products and are geographically close (specifically cross-referrals between accommodation providers (city B&Bs)), seems to be highly valued as it increases yields and good customer service and hopefully results in repeat visits.

Organisational distance, reflected in actors representing entirely different occupational groups, seems to be a central condition in networks that primarily seek exchange and learning benefits by way of sharing specialist knowledge as well as knowledge reflecting experiences and know-how. Similarly, organisational diversity is identified as a network characteristic that builds community value by making use of each other as supplies as such helping income saying locally.

Social proximity can be associated with cognitive proximity, and the importance of being able to relate to one another. In particular, social proximity seems visible and highly valued in strongly embedded relationships which have developed over years. Based on shared successful collective activities, social proximity develops with time spent together. High levels of reciprocal understanding develop concerning business objectives as well as personal strengths and weaknesses, as such adding to the personal characteristic of the relationship.

Based on the above, the answers to research questions two and three are inter-related as different proximity perspectives conditioning embeddedness also affect what the STFs collaborate on, and thus the categories, depth and detail of the knowledge they exchange. Concerning STFs' relational ties and the knowledge that they facilitate, this study supports literature expectations (e.g. Baum 2006; Scott et al 2008,) in having identified that STFs' inter-organisational ties is highly characterised by the sharing of tacit knowledge reflected in know-what, know-why, and specifically know-how and know-who. The depth of the knowledge transferred varies according to embedded tie strength. For instance, this study suggests that when actors are too close in terms of competitiveness and thus have lower degrees of reciprocal trust, knowledge shared tends to be more general and/or factual. When actors experience limited direct competition and a high degree of reciprocal trust, they tend to share knowledge that is more detailed and personal, e.g. sensitive economic knowledge. However, as mentioned, there are examples of STFs making use of arm's length ties individually via public authority sponsored bodies, as well as STFs collectively searching and making use of arm's length ties to access explicit specialist knowledge (know-what, know-why, know-how) and incorporating this knowledge actively in their business activities to improve market position and business success.

It is argued that limited time resources make it difficult for STFs to codify their own knowledge to make it explicit and accessible and to make use of business development offers and the like. Overall limited resources are a condition that points to embedded ties being specifically important for this firm segment as knowledge is easily transferred on account of a shared frame of reference mirrored in e.g. challenges, needs, knowledge-base and business approach. Findings of sparse STF-resources and STFs' predominant investment in embedded ties character seem to be interlinked in the sense that business exchanges by way of embedded ties are less time consuming, and that knowledge provided by embedded ties is detailed and accurate, just as strong reciprocal expectations and abstention from opportunism are deemed to weigh heavily. The point is that STFs' investment in embedded ties is a way to economise and build resource stocks without too many risk attached. A possible pitfall is that embedded ties may blind and limit actors in terms of accessing socially distant knowledge, ideas and inspiration that may spark innovative development (Uzzi 1997; Boschma 2005). However, as suggested, this does not seem to be the case in the current study as arm's length ties are used. Another tendency detected in the learning and exchange networks is that STFs compensate by forming embedded ties with actors that represent other occupational groups and thus entirely different knowledge-bases and access distant knowledge via embedded ties.

The fourth and last research question of this study, i.e. the relationship between tie strength (embedded/arm's length) and the degree to which knowledge (and other resources) accessed by way of these ties is oriented toward creating economic growth/business development supporting exploration, examination and exploitation, has revealed the following.

Exploitation of tacit knowledge provided by embedded ties is as suggested in the literature also the tendency displayed based on study findings. Embedded ties are also argued to support exploration activities, primarily due to high levels of trust that contribute to an atmosphere where fear of revealing problems is minimised, hence clearing the way for talking openly, sharing business ideas and approaches resulting in new and innovative joint solutions to shared challenges. Moreover, actors experience successful results based on joint activities, and thus further develop their ties. An example is The Fair Network, whose members have an incentive to collectively use arm's length tie inspiration to develop new products and market their firms individually and collectively. Another example is The Offbeat

Network which has developed initial arm's length ties into embedded ties that are prepared to engage in future collaborative activities. The Offbeat Network is also an example of an arm's length tie providing explorative processes that temporarily clear the way for exploitative processes due to time restricted intense cooperation and resource investment that calls for the involved STFs and the arm's length partner (The Alexandra Institute) to be open and willing to share specific knowledge based information regarding their specific collaboration.

The study's assumption that examination primarily is supported by embedded ties due to the dominant flow and exchange of tacit knowledge, the high degree of environmental uncertainty, and the dominant characteristic of limited resources along with STFs' primarily dependency on close relational ties has proven correct. This is specifically manifested in business ideas relating to marketing, products, management capabilities, and experienced challenges and possible limitations being contextualised and tested via embedded ties to gain constructive criticism, honest and dependable feedback, and even specific solutions, for instance an embedded ties bridging to other and new actors that may be able to help.

The use of explicit knowledge facilitated by arm's length ties has contributed to explorative processes, specifically new ways of organising joint promotional activities and product development (i.e. bundling of products aimed at attracting new target groups). The study also provides examples of arm's length ties, such as public offers facilitating access to consultants with specialist knowledge (explicit know-why and -how), supporting exploitation processes, as this knowledge is applied directly with the specific purpose of refine existing knowledge and ways of doing things. Generally, the use of arm's length ties as access points to knowledge and resources that are socially distant it suggested to be limited, as STFs experiencing a specific need in this area have actively sought and established embedded relations with such actors providing easier access to such knowledge resources.

Looking isolated at the individual STF, individual limited resources especially pertaining to time, money, manpower, and specialised knowledge, have proven to be the main limitations in terms of STFs singlehandedly creating and strengthening market position, and adapting to their business environment. STFs generally seem to acknowledge their inter-dependency, and as such key incentives to engage in networks are to access needed resources, and specifically achieve collectively what cannot be achieved singlehandedly. STFs use of their relational ties provide examples of STFs making use of the resources available internally in their networks, as well as specifically STF-networks collectively searching and/or making use of arm's length ties with the purpose of e.g. developing new collective product concepts and new ways of marketing themselves collectively. The study thus offers evidence that it is beneficial to investigate STF business activities on the relational level as this perspective provides a more accurate picture of the resources STFs have at their disposal and make use of in terms of developing their businesses. Specifically, the study argues that STFs' different relational ties facilitate different knowledge types, which yield different knowledge benefits and spark knowledge processes that not only strengthen the competitive advantages of the individual STF and the competitive advantages of fellow network members, but also the tourist destination as a whole.

An unintentional benefit of this study was obtained by sorting the STF-level networks according to their main outcome, as it sheds light on the fact that STFs' collaborative activities often (consciously and unconsciously) are multi-purposed. For instance, STFs' continued successful collaboration concerning marketing and product development result in positive learning and knowledge exchange outcome. Moreover, STFs that contribute to local development by using local suppliers also contribute to positive community outcome, such as a shared sense of community across occupational groups. Although this is not included in the study, the empirical data also provides examples of STFs contributing to local community building by inciting others to start their own business. The respondents provide several examples of being contacted by business owners-to-be and acting as arm's length ties facilitating distant knowledge and functioning as a source of inspiration. There is also an example of a STF acting as a conserver of a trade that is on the verge of disappearing, namely amber cutting; and of STF's that create awareness of the value and use of local raw material (flowers, herbs, greens) in the production of food, snaps and flower arrangements and very likely inspiring locals (as well as tourists in their own local areas) to protect and use local resources. These aspects support Morrison's argument (2006) that STFs are to be viewed as catalysts in the local wealth creation process based on other success criteria than purely economic.

A final remark is that the study from a policy perspective has shed light on implications pertaining to public initiative. The STFs overall proved to be very involved in the development their businesses, which suggests that it is inopportune for public actors to view STFs as having limited desire to collectively invest in the development of their businesses and the destination as a whole. A central challenge in this context is how to design public initiatives so they embrace the heterogeneity of the industry and ensure that STFs invest in these activities. Moreover, although public initiatives may not live up to their full potential here and now, these initiatives may over time result in positive bottom-up initiatives as illustrated by the sparked and encouraged networks identified in this study, cf. Figure 10 -1. However, specifically pertaining to STF-level networks that are sparked it is argued that there is work to be done from public in terms of aiming for strong communicative strategies between public and private actors to ensure that public as well as private resources are utilised most efficiently. The central point is that sparked networks are a result of STF dissatisfaction with public/private collaboration and that continuous miscommunication and dissatisfaction may lead to the development of very weak public/private relational ties, worst case scenario possibly fragmentising the destination as actors work to realise different goals and pull the destination in different directions.

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12 Appendix 1: Example of interview guide

Open-ended interview questions for the small tourism firms

Introduktion

- Gør opmærksom på at samtalen optages, samt hvorvidt det er ok, at der refereres til samtalen i projektet
- Introducere kort mig selv og projektet
- Beder respondenten introducere sig, virksomheden, ansatte.

Internt i virksomheden:

- Uddannelsesmæssigbaggrund og arbejdserfaring (i og udenfor turisme)
- Hvorfor valgte du at opstarte egen virksomhed?
- Hvad er dit mål med virksomheden? (business goals)
- Hvordan oplærer du dine ansatte?

Marked og produkt karakteristik:

- Hvad er dit produkt/service?
- Hvor følsom er efterspørgslen på produktet overfor kvalitet, pris og sociale trends (elektronik, demografi)?
- Hvordan har dit marked ændret sig i løbet af de sidste 5 år? Kan du give eksempler?
- Kan du give specifikke eksempler på hvordan du har tilpasset dig disse ændringer?
- Hvordan nåede du frem til disse løsninger/ændringer? (hvor fik du info fra mm, hvem konsulterede du og hvorfor)
- Hvad kræver det for at kunne overleve i turistbranchen som en lille turistvirksomhed?

Interaktion mellem forretningsforbindelser:

- Kan du beskrive din relation til dine forretningsforbindelser (leverandører, turistbureau, bank, konkurrenter, brancheorganisation, mm)
    - Hvor ofte snakker i sammen?
    - Bruger du altid samme leverandør?
- Har du samme relation til alle dine forretningsforbindelser?
- På hvilken made er venner og familie involveret I din forretning? Hvorfor og hvilken betydning har det for dig?
- Er opportunisme et problem i turisme?
- Hvordan beskytter du dig selv? (fra at andre udnytter dig og dine ressourcer)
- Kan du give eksempler på hvordan uoverensstemmelser bliver løst?
- Hvornår er du mest sårbar og udsat når vi snakker forretningsrelationer?

Etablering af kontakt mellem virksomhederne:

- Er du med I nogle formelle eller uformelle netværk eller samarbejdskonstellationer?
- Hvordan tager du kontakt til nye samarbejdsrelationer?
- Hvilke årsager er der til at tage kontakt til nye forretningsforbindelser?
- Hvilken rolle har f.eks. erhvervsrådet eller turistbureauet i forhold til etablering af netværk og samarbejdsrelationer?
- I forhold til turistvirksomheders etablering af samarbejdsrelationer, hvilken rolle har geografisk nærhed har?

    Er der andre parametre, der er vigtige end geografisk nærhed:

    - **(**Organisational) At virksomheder arbejder med det samme – samme type virksomhed?
    - (Institutional) At de skal indordne sig efter de samme politiske rammebetingelser (love, restriktioner, retningsliner, turismepolitik, økonomisk støtte mm)?
    - (Social) At der er tillid mellem aktørerne, nogle fælles erfaringer
    - (Cognitiv) at de deler samme vidensbase (uddannelsesmæssigt, arbejde inden for samme område)
- Hvad betyder omdømme i forhold til samarbejde?

- Hvordan starter en typisk forretning forbindelse og hvordan udvikler den sig over tid?
- Benyttes skriftlige kontrakter og hvornår?

Netværksudbytte:

- Hvilke fordele drager du af forskellige typer forretningsrelationer? Embedded/arm's length - Different types of knowledge?
- Er der også ulemper forbundet med de forskellige forretningsrelationer?
- Hvilke typer viden deles med hvilke relationer?
- Hvilken viden er du villig til dele med dine forretningsforbindelser?
- Hvordan anvender du den viden du opnår gennem dine forretningsforbindelser?
- Hvordan fornyes eksisterende produkter og hvordan opstår nye?
- Hvordan kommer du frem til disse ideer?
- Hvordan forbedre du din evne til at reagere på ændringer i markedet?
- Hvad fremmer innovation i turisme?
- Hvilke omstændigheder fører til tætte forretningsrelationer?
- Sigter du efter et bestemt miks af forretningsrelationer? Hvorfor (ikke)?
- Hvad forhindre dig i at opnår det miks af forbindelser du gerne vil have?

13 Appendix 2: List of interview respondents and corresponding ID

Interview	**Interviewee and firm**
Group 1	**Representatives from the regional and local public level that in/directly influence tourism development in the Municipality of Viborg**
Interview A	Anne Sofie Bouert, project coordinator, VisitViborg
Interview B	Mikael Oddershede, business development consultant, Viborg Egnens Erhvervsråd (the local business development council)
Interview D	Britta Leth, head of tourism, VisitViborg (local DMO)
Interview R	Lise Nielsen, tourism development consultant at the regional tourism development organisation, Midtjysk Turisme
Interview X	Alice Bank Danielsen, head of tourism in the neighbouring municipality of Skive. Former employee at VisitViborg, or rather at Destiatnion Viborg-Egnen (2000 – 2004) as destination coordination, and post 2004 as head of marketing at VisitViborg until 2009 when she took up the position as head of tourism in the Municipality of Skive
Group 2	**Small tourism firms within the Municipality of Viborg**
Interview C	Annie Teglkås, Oasen B&B
Interview E	Tina Lofstad Jensen, Glaspusteriet
Interview F	Lone Gad Rasmussen, Hjarbæk Fjord Camping
Interview G	Svend-Henrik Brandstrup, Klosterpensionen B&B
Interview H	Pernille Rasmussen, Kongenshus Kro og Hotel
Interview I	Carla Christensen, Den Gamle Biograf i Kjellerup
Interview J	Hannah Remme og Arne Jensen, Butik Remme and Hjarbæk B&B
Interview K	Erland og Jannie Pedersen, Hjarbæk Kro
Interview L	Anker og Jonna Jepsen, Daugbjerg Kalkgruber
Interview N	Astrid Holmriis, Søgaardens Whisky Shop, Atelier og B&B
Interview O	Inger Mirasola, Bed & Breakfast ved Inger Mirasola
Interview P	Hans Heinrich Marxen, Hjarbæk Ravsliberi
Interview Q	Birthe Ladefoged, Viskum Snaps og Blomsterværkstedet Over Viskum

14 English abstract

The basis of the study's explorations is the argument that we live in a knowledge-based society touting collaboration and knowledge sharing as central to the competitive advantage of firms along with the increasing investments in tourism as a strategy for economic growth due to the decline in traditional production industries.

Small tourism firms (STFs) are recognised as the dominant firm segment in tourism, specifically in more peripheral areas. In the tourism and hospitality literature STFs are characterised as having limited resources (time, money, manpower, and specialist knowledge) to implement new strategies, engage in product development and compete in the tourism market nationally and internationally. In the existing literature the majority of STFs are characterised as lifestyle entrepreneurs prioritising personal goals, such as independence and flexibility, over economic optimisation; staying small for the sake of smallness; potentially ethically bounded by way of developing niche products that build on ethical and environmental beliefs not being compromised. Moreover, the fact that many STFs are family owned and operated demonstrates that social relations, e.g. with friends and family, are highly significant in small hospitality enterprises and their market exchange, consequently limiting STFs' access to external actors facilitating distant ideas and knowledge likely to spark innovative processes. This does not paint a pretty picture of an industry that based on its STF dominant characteristics has to compete in a knowledge-based society, especially when we focus on the individual STFs in terms of supporting and actively contributing to development initiatives affecting the individual firm and the tourist destination as a whole.

This study investigates the inter-organisational relations and knowledge processes of STFs, and how these interactions influence STFs' business activities. The objective is better insight into and understanding of what characterises small tourism firms' inter-organisational relational ties, the knowledge facilitated by these relational ties and if and how STFs use this knowledge in a business context. Attention is particularly directed at the role of relational

ties strength, i.e. arm's length and embedded ties as facilitators of primary explicit and tacit knowledge, respectively. The study's focus on STFs' relational level interactions suggests that it may be more accurate to study STFs' business and entrepreneurial drive on a relational rather than merely an individual level – especially considering the scarce STF resources along with the fact that tourism actors generally are viewed as inter-dependent in delivering a unified tourist product, both in terms of product supply and marketing.

The empirical context of the study is the Municipality of Viborg in the Central Region of Denmark. The municipality is not one of the highest ranking in terms of tourism consumption in Denmark, but rather than focusing on one of the major high profile Danish tourist destinations, like Copenhagen or Bornholm, it seemed interesting to focus on a more low profile destination. The Municipality of Viborg is chosen partly because it has a large number of STFs and is characterised by geographical peripheral areas; and partly because it belongs to a region that has only recently from regional political level focused on tourism as a strategy for economic growth.

As clarified in chapter 2, *Methodological reflections*, the study has an empirical foundation that builds on qualitative in-depth, face-to-face interviews with public actors from regional and local level that directly and indirectly influence tourism development in the municipality; and with a cross-section of the municipality's STFs. The methodological backdrop is critical realism which puts forth an understanding of the existence of a reality independent of our knowledge of it, in this context, acknowledges social processes as meaningful and the understanding of these processes as essential in knowledge generation. The methodological backdrop likewise relies on a hermeneutic process that is transparent throughout the study e.g. by the constant interchange between theoretical deliberations and the study's empirical foundation.

A combined analytical framework based on theoretical perspectives and approaches concerning small tourism firm management (chapter 3); social network theory, specifically the role of embeddedness in networks (chapter 4); and organisational knowledge management theory (chapter 5), has been employed to analyse the empirical data. Chapter 6, *The analytical framework – Summing up the theoretical basis*, Figure 6-1, which concludes the theoretical part of this study, sums up the different theoretical perspectives and approaches in a visual illustration of the study's overall analytical framework, and suggests that individual firm characteristics along with environmental factors have an influence on whom STFs form collaborative relations with. The study turns to three key mechanisms measuring relational tie strength: the kind of trust that characterises the relationship (ability/competency trust, benevolence/goodwill trust, contractual trust, and search trust), joint problem solving; and the sharing of fine-grained information. Moreover, the study deals with the phenomenon of proximity, viewing it as a condition of embeddedness. Geographical, organisational, cognitive, institutional and social proximity perspectives are thus relied on as explaining embeddedness between actors, or the lack thereof. Finally, turning to the knowledge management aspect of the analytical framework, embedded ties are argued to primarily facilitate tacit knowledge, whereas arm's length ties primarily facilitate explicit knowledge; and moreover that knowledge creation (i.e. sharing/transfer) is a result of the interplay between tacit and explicit knowledge (i.e. tacit-tacit, tacit-explicit, explicit-explicit, explicit-tacit). How knowledge facilitated by relational ties from a strategic point of view is applied in a business context (i.e. exploration, examination, exploitation) is a reflection of those ties and the knowledge that they facilitate. The main assumptions are that: arm's length ties primarily facilitate explicit knowledge which supports exploration which refers to the search for new knowledge and new ideas, risk taking and innovation in terms of creating economic growth; embedded ties primarily facilitate tacit knowledge which supports exploitation which refers to the direct application of knowledge with the purpose to refine existing methods, products etc. in terms of creating economic growth; finally examination, i.e. contextualisation and testing of knowledge, ideas, product etc., as a strategy for economic growth is suggested to most likely be supported by embedded ties as such ties are argued to provide reliable feedback. All in all, the analytical framework suggests that STFs' relational interactions may result in different strategies for economic growth, and may influence the development of STFs' relational ties, knowledge base (skill, competences, experiences etc) and perception of business environment. The possible developments and/or changes may not only affect the individual STF and its fellow network members, but indeed the overall business environment including the destination as a whole e.g. in terms of influencing local public-sector initiated tourism development initiatives or by way of creating a sense of community.

The empirical part of the study, chapter 7, *Tourism development and the Municipality of Viborg*, introduces the Municipality of Viborg in a tourism context. The chapter gives an account of tourism strategies from national, regional and specifically local level to illustrate the overall institutional set-up within which the STFs are players. It specifically points to two central local public authority sponsored bodies for tourism development in the municipality, namely VisitViborg (VV) the local DMO; and Viborg Egnens Erhvervsråd (VER) the local public authority sponsored body for business development. Moreover, the chapter suggest that from regional and local public level STFs are characterised as having limited resources and overall as displaying limited interest in public actor/network initiatives.

Understanding STFs' inter-organisational relations requires an understanding of the individual STF, cf. the hermeneutic approach. Chapter 8, *Small tourism firms in the Municipality of Viborg*, explores the characteristics of the individual STFs' performance. Based on the consideration of individual and environmental variables alike, this chapter presents the individual STF-owners' educational background, work experience, motives for becoming self-employed, potential experienced business challenges and experienced market changes, along with future business development wishes and plans. Although the expected lifestyle entrepreneur characteristics match several of the interviewed STFs, the study provides examples of lifestyle-oriented firms that are both business-oriented and focused on economic growth (i.e. classic economic entrepreneur traits) e.g. by keeping up to date and adapting to societal trends, and while for instance maintaining the quality of being a small firm reflected in few employees and the ability to maintain a high and specifically personal level of service. In a few cases this characteristic has resulted in multiple and different business activities. Concerning the latter, such STFs characteristics also point in another direction than the constrained/ethically bounded lifestyle entrepreneur, as there is no indication of STFs rejecting economic growth as such, rather in many cases they are seeking economic growth and invest in additional and supplementary business activities to achieve this growth while staying small. The peripheral characteristic of the case area is also suggested to affect STFs' business approach, as STFs are dependent on tourists and locals alike and have to accommodate both customers segments as all-year open businesses.

The inter-organisational relations and knowledge processes of small tourism tirms are dealt with in chapter 9 in two main sections: a section analysing destination-level networks, i.e. networks initiated, facilitated and organised by public actors; and a section analysing firm-level networks, i.e. networks initiated, facilitated and organised privately by the STFs. As the aim of this study is to represent a cross-section of the networks in which STFs engage, based on tourism literature expectations, the analysis of the STF-level networks is structured according to three primary benefits that networks contribute to building profitable tourist destinations: business activities, community value, and learning and exchange.

STF network activities on destination-level take place in the context of publicly run umbrella organisations: VisitViborg (VV) and Viborg Egnens Erhvervsråd (VER). Both organisations and the activities they initiate, facilitate and organise are top-down, and are destination fixed which mirrors the fact that geographical and institutional proximity from a macro-level perspective are key conditions that link actors together in the context of these two organisations. The two organisations serve overall different purposes (i.e. tourism specific development and marketing activities and business development activities and offers, respectively), but both provide STFs with vast opportunities to access various kinds of tacit and explicit knowledge relating to competence and business development (know-what, know-how, know-why, know-who). Nonetheless, the primary reason for STFs to involve themselves with these organisations is the joint promotional activities they offer, as only few STFs use individual public competence and business development offers. STFs mainly refer to limited time resources as a reason for their limited interest in individual competence development initiatives, along with a perception of a limited need, which supports public perceptions and experiences. Overall, the STFs' relationship to the two umbrella organisations can be said to be loosely embedded reflected in ongoing memberships primarily determined by the access they provide to public resources.

A central point in relation to public network activities is that the servicing aspect (i.e. extensive network support) of the organisations affects network success. The expected benefits of network activities have been considered, but how to manage the networks, specifically including matching network actors' expectation, has not been thought through and effectuated by public actors. Especially in the context of VV, a feeling of "us" versus "them" seems to characterise some of the STFs' feelings about destination-level network activities, explained by an organisational, cognitive and institutional distance between STFs and public as well as large private tourism actors.

The two destination-level umbrella organisations are a breeding ground for new parallel collaborative relations on firm-level. The study suggests that the interplay between STFs and publicly sponsored bodies and their activities results in two types of intermediate networks: *encouraged networks* and *sparked networks*. Encouraged networks refer to relational ties which STFs are incited and urged to establish or further develop as a result of publicly initiated, facilitated and coordinated activities. Sparked networks emerge as a direct consequence of STFs' dissatisfaction with public initiatives.

Contrary to expectations in the literature, the findings point to very limited use of friends and family in business development initiatives. It appears to be other businesses that facilitate knowledge, ideas, inspiration and other resources (man power, e.g. representation at fairs) concerning business activities and developments. Concerning the STF-level network, the study identifies networks representing business activity networks, community-oriented networks, and exchange and learning networks. Networks that focus on business activity outcome, specifically collaborative marketing activities, are strongly represented.

Firm-level collaborative network ties are primarily embedded, but varying in strength, and primarily facilitate tacit knowledge, specifically know-how and know-who. The stronger the trust (benevolence/goodwill) between network members, the more detailed and personal knowledge is shared. Findings of sparse STF resources and STFs' predominant investment in embedded ties seem to be interlinked in the sense that business exchanges via embedded ties are less time consuming, and that knowledge provided by embedded ties is detailed and accurate, just as strong reciprocal expectations and abstention from opportunism are deemed to weigh heavily. The point is that STFs' investment in embedded ties is a way to economise and build resource stocks without too many risks. A possible pitfall is that embedded ties may blind and limit actors in terms of accessing distant knowledge, ideas and inspiration that may spark innovative development. However, this does not seem to be the case in this study as arm's length ties are used to access specialist knowledge and ideas, i.e. explicit know-what, know-how and know-why. Concerning access to external specialist knowledge, a tendency detected especially in the learning and exchange networks is that STFs develop embedded ties with actors that represent other occupational groups and thus entirely different knowledge-bases and access distant knowledge via embedded ties.

With whom STFs engage in firm-level networks is highly conditioned by cognitive proximity, i.e. shared experiences, challenges, and business approach, as such highlighting a shared frame of reference as essential in terms of building embedded ties. STFs argue, for instance, that large tourism firms and publicly owned tourism firms are ”too different”, “speak another language”, ”have more resources to invest”, and consequently do not understand the challenges in the business world of a small privately owned tourism firm. What is more, the destination-level and firm-level analysis show that pro-activeness on behalf of (intended) STF network members is not a successful strategy despite good intentions by public or private network initiatives. This also points to cognitive proximity being associated with especially organisational (large/small) and institutional proximity (public/private) perspectives.

Overall, the STF-level networks imply that network success (achieving intended network purposes) is a result of network actors' close cognitive proximity reflected in shared experiences, a shared frame of reference, and sense of urgency concerning network activities; and thus that the network is characterised by member reciprocity. Indeed, as argued in relation to public network initiatives, network management in terms of a shared sense of direction and actors' expectations being matched are also keys to the success of firm-level networks.

The use of explicit knowledge facilitated by arm's length ties has contributed to explorative processes, specifically new ways of organising joint promotional activities and product development (i.e. bundling of products aimed at attracting new target groups). The study also provides examples of arm's length ties, such as public offers facilitating access to consultants with specialist knowledge (explicit know-why and -how), supporting exploitation processes, as this knowledge is applied directly with the specific purpose to refine existing knowledge and ways of doing things. However, generally, the use of arm's length ties as access points to distant knowledge and resources is limited, as STFs experiencing a specific need in this area seem to actively seek and establish embedded relations with actors providing easier access to such knowledge resources.

Exploitation of tacit knowledge provided by embedded ties is as suggested in the literature also the tendency displayed based on study findings. Embedded ties are also argued to support exploration activities, primarily due to high levels of trust that contribute to an atmosphere where fear of revealing problems is minimised, hence clearing the way for talking openly, sharing business ideas and approaches resulting in new and innovative joint solutions to shared challenges.

The study's assumption that examination is primarily supported by embedded ties due to the dominant flow and exchange of tacit knowledge, the high degree of environmental uncertainty, and the dominant characteristic of limited resources along with STFs' primary dependency on close relational ties has proven correct. This is specifically manifested in business ideas relating to marketing, products, management capabilities, and experienced challenges and possible limitations being contextualised and tested via embedded ties to gain constructive criticism, honest and dependable feedback, and even specific solutions, for instance an embedded tie bridging to other and new actors that may be able to help.

Chapter 10, *Small tourism firms' inter-organisational relations and knowledge processes: Conclusions and perspectives*, summarises the main theoretical and empirical findings and offers a final conclusion to the study along with perspectives that from an academic as well as a practical policy perspective would be interesting to look into further.

15 Dansk resumé

Baggrunden for undersøgelserne i denne afhandling er forholdet omkring, at vi lever i et videnbaseret samfund, hvor samarbejde og videndeling anses som centrale elementer for den konkurrencemæssige fordel for virksomheder, samt de øgede investeringer i turisme, som en strategi for økonomisk vækst som følge af nedgangen i traditionelle produktionserhverv.

Små turistvirksomheder er anset for værende det dominerende virksomhedssegment indenfor turisme, navnlig i mere perifere turistdestinationer. I turismelitteraturen er små turistvirksomheder karakteriseret som havende begrænsede ressourcer (tid, penge, ansatte, og specialist viden) til at implementere nye strategier, engagere sig i produktudvikling og konkurrere på det nationale og internationale turismemarked. Størstedelen af små turistvirksomheder karakteriseres som livsstilsiværksættere (*lifestyle entrepreneurs*), der prioriterer personlige mål, såsom uafhængighed og fleksibilitet, frem for økonomisk optimering; at forblive små virksomheder for at bibeholde de kvaliteter der ligger i det; og for potentielt at være etisk afgrænset i form af at udbyde nicheprodukter, der evt. bygger på etiske og miljømæssige overbevisninger, der ikke bliver kompromitteret. Den omstændighed, at mange små turistvirksomheder er familieejet og -drevet henleder til, at sociale relationer, f.eks. venner og familie, er meget væsentlige for små turistvirksomheder og deres forretningsaktiviteter. Et karakteristika, der potentielt begrænser virksomhedernes adgang til eksterne aktører, der faciliteter fjerne ideer og viden, og som kan sætte gang i innovative processer. Ovenstående tegner umiddelbart *ikke* et positivt billede af en industri der, skal konkurrere i et videnbaseret samfund, især når vi fokuserer på den enkelte lille turistvirksomhed i forhold til at understøtte og aktivt bidrage til at udvikle initiativer, som gavner de enkelte virksomheder samt destinationen som helhed.

Denne afhandling undersøger små turistvirksomheders interorganisatoriske relationer og videnprocesser, og hvordan disse relationelle interaktioner påvirker deres forretningsaktiviteter. Målet er bedre indsigt i og forståelse for, hvad der kendetegner små turistvirksomheders relationelle bånd, samt den viden, der understøttes af disse relationelle bånd, og om og hvordan små turistvirksomheder anvender denne viden i en erhvervsmæssig sammenhæng. Opmærksomheden er især rettet mod betydning af styrken af disse relationer, dvs. armslængde relationer (*arm's length ties*) og forankrede relationer (*embedded ties*), som facilitatorer for henholdsvis eksplicit og tavs viden. Afhandlingens fokus på små turistvirksomheders relationelle samspil påpeger ydermere, at det kan være mere korrekt at studere små turistvirksomheder forretningsaktiviteter fra et relationelt niveau snarere end blot fra et individuelt niveau - især når små turistvirksomheders knappe individuelle ressourcer tages i betragtning, samt det faktum, at turismeaktører generelt anses som værende indbyrdes afhængige i realiseringen af et samlet turistprodukt, både hvad angår produktudbud og markedsføring.

Viborg Kommune i Region Midtlylland udgør afhandlingens empiriske kontekst. Kommunen er ikke en af de højest rangerede i Danmark hvad angår turisters forbrug, men snarere end at fokusere på en dansk højprofileret turistdestination, såsom København eller Bornholm, synes det interessant at fokusere på én af de mindre højprofilerede destinationer. Viborg Kommune er dels valgt da den har et stort antal små turistvirksomheder og er kendetegnet ved landdistriktområder, og dels fordi kommunen tilhører en region, der mere nyligt fra politisk side har valgt, at fokusere på turisme som en strategi for økonomisk vækst.

Som kapitel 2, *Methodological reflections*, redegører for, har afhandlingen et empirisk fundament der bygger på kvalitative interviews med offentlige turismeaktører fra regionalt og kommunalt niveau, som in/direkte har indflydelse på udvikling af turisme i kommunen; og med et tværsnit af kommunens små turistvirksomheder for at sikre repræsentativitet. Den metodologiske baggrund er kritisk realisme, som fremlægger en forståelse for eksistensen af en virkelighed uafhængig af vores viden om den, og i denne sammenhænge anerkender sociale processer som meningsfulde og forståelsen af disse processer som væsentlige i videngenering. Den metodologiske baggrund bygger ligeledes på en hermeneutisk tilgang, der er gennemsigtig gennem hele afhandlingen, f.eks. ved den konstante vekselen mellem teoretiske overvejelser og det empiriske fundament.

Kombinationen af teoretiske perspektiver og tilgange omkring små turistvirksomheders strategiske ledelse (kapitel 3); sociale netværksteori, specifikt forankring (*embeddedness*) i netværk (kapitel 4), og organisatorisk *knowledge management* teori (kapitel 5), udgør afhandlingens teoretisk fundament. Kapitel 6, *The analytical framework – Summing up the theoretical basis*, konkluderer på den teoretiske del af afhandlingen, og opsummerer de forskellige teoretiske perspektiver og tilgange i en visuel illustration af afhandlingens overordnede analytiske ramme (Figur 6-1), og foreslår, at en lille turistvirksomheds individuelle virksomhedskarakteristika sammen med miljømæssige faktorer har indflydelse på hvem disse etablerer samarbejdsrelationer med. Tillid, fælles problemløsning og udveksling af viden er tre mekanismer, der anvendes til at vurdere styrken af relationer, dvs. hvorvidt og i hvor høj grad sociale relationer kan karakteriseres som armslængde eller forankrede relationer.

Hertil kommer, at afhandlingen beskæftiger sig med fænomenet om nærhed (*proximity*) som en betingelse for forankring i netværk. Geografisk, organisatorisk, kognitive, institutionel og sociale perspektiver på nærhed anses således som forudsætninger, der forklarer forankring mellem aktører, eller mangel på samme. Vedrørende *knowledge management* aspektet i afhandlingen, vurderes forankrede relationer til primært at fremme udveksling af tavs viden, hvor armslængde relationer vurderes til først og fremmest at fremme eksplicit viden; og endvidere, at vidensgenerering er et resultat af samspillet mellem tavs og eksplicit viden (tavs-tavs, tavs-eksplicit, eksplicit-eksplicit, eksplicit-tavs). Hvordan, viden faciliteret af forskellige relationer, anvendes i en virksomhedskontekst er inter-relateret. De centrale antagelser er, at: armslængde relationer faciliterer primært eksplicit viden, som understøtter *exploration*, som henviser til den søgen efter ny viden og nye ideer, risikovillighed og innovation i forhold til at skabe økonomisk vækst; forankrede relationer faciliterer primært tavs viden, der understøtter *exploitation*, som henviser til den direkte anvendelse af viden med det formål at forbedre eksisterende metoder, produkter mv. med hensyn til at skabe økonomisk vækst; *examination*, dvs kontekstualisering og afprøvning af viden, ideer, produkter, som en strategi for økonomisk vækst, antages primært at være understøttet af forankrede relationer idet sådanne relationer hævdes at give pålidelig feedback. Alt i alt, på baggrund af afhandlingens teoretiske fundament, foreslås det, at små turistvirksomheders relationelle interaktioner kan resultere i forskellige strategier for økonomisk vækst; yderligere udvikling af deres relationelle bånd og vidensbase (færdigheder, kompetencer, erfaringer osv.); samt ændring i opfattelsen af deres miljø, dvs. mulige trusler og muligheder i forhold til deres virksomhed. Denne potentielle udvikling og/eller ændringer argumenteres ikke kun at påvirke den enkelte virksomhed og samarbejdsrelationer, men også turistdestination som helhed, for eksempel ved at påvirke offentlige aktørers initiativer rettet mod udvikling af turisme, eller i form af at skabe øget kendskab til destinationen som rejsemål.

Kapitel 7, *Tourism development and the Municipality of Viborg*, omhandler den empiriske del af afhandlingen, og introducerer Viborg Kommune i en turismekontekst. Kapitlet redegør for strategier for turisme fra nationale, regionale og specifikt kommunalt niveau for, at klarlægge det overordnede institutionelle set-up inden for hvilken de små turistvirksomheder opererer. Kapitlet peger specifikt på to offentlige organer som centrale i udvikling af turisme i kommunen, nemlig VisitViborg (VV), den lokale destinationsudviklingsorganisation, og Viborg Egnens Erhvervsråd (VER). Desuden tegner kapitlet et billede af, at små turistvirksomheder fra regionalt og kommunalt niveau karakteriseres som havende begrænsede ressourcer, og manglende interesse i offentlige aktør/netværksinitiativer.

For at kunne opnå en forståelse af små turistvirksomheders interorganisatoriske relationer kræves en forståelse af den enkelte lille turistvirksomhed, jf. afhandlingens hermeneutiske tilgang. Kapitel 8, *Small tourism firms in the Municipality of Viborg*, kortlægger de enkelte turistvirksomheders karakteristika. Baseret på individuelle og miljømæssige parametre, præsenterer dette kapitel den enkelte virksomhedsejers uddannelsesbaggrund, erhvervserfaring, motiver for at blive selvstændig, potentielle erfarede forretningsmæssige udfordringer og erfarede ændringer i markedet, samt potentielle fremtidige forretningsmæssige udviklingsplaner. Selvom turisme litteraturens forventede livsstilsiværksætter karakteristika matcher flere af de interviewede små turismevirksomheders karakteristika, giver afhandlingen eksempler på livsstilsorienterede virksomheder, som både er forretningsorienteret og fokuseret på økonomisk vækst (dvs. klassisk økonomisk entreprenør-træk). F.eks. udtrykt i, at de holder sig opdateret med og tilpasser sig samfundsmæssige tendenser (økologi, læring, indlevelse). Hertil opretholder de kvaliteten af at være en lille virksomhed med få om ingen ansatte, hvortil der investeres mange ressourcer på at opretholde en højt og personlig servicestandard. I flere tilfælde er sidstnævnte et karakteristika, der har resulteret i små turistvirksomheder der har flere og forskellige forretningsaktiviteter sideløbende. Hvad angår sidstnævnte, så er dette et karakteristika, der peger i en anden retning end den etisk begrænsede livsstil iværksætter fremlagt i turisme litteraturen, da der ikke er tegn på at disse små turistvirksomheder afslår økonomiske vækst som sådan. Snarere i mange tilfælde søger økonomisk vækst, og investerer i yderligere og supplerende forretningsmæssige aktiviteter for at opnå vækst, alt imens de bibeholder de kvaliteter, de vurderer, der ligger i at være en lille virksomhed (høj og personligt service niveau). Kommunens landdistrikts karakteristika er også foreslået at påvirke de små turistvirksomheders forretningstilgang, idet de er afhængige af den omsætning både turister og lokale skaber, og derfor skal imødekomme begge kundesegmenter som virksomheder, der har åbent året rundt.

Små turistvirksomheder interorganisatoriske relationer og videnprocesser behandles i kapitel 9, *The inter-organisational relations and knowledge processes of small tourim firms,* i to hovedafsnit: Et afsnit, der fokuserer på netværk på destinationsniveau, dvs. netværk initieret, faciliteret og organiseret af offentlige aktører; og et afsnit, der fokuserer på netværk på virksomhedsniveau, dvs. netværk initieret, faciliteret og organiseret af de små turistvirksomheder selv. Da formålet med denne afhandling er, at repræsentere et repræsentativt tværsnit af de netværk, hvori små turistvirksomheder engagerer sig, er analysen af netværk på virksomhedsniveau inddelt i tre hovedkategorier: (1) forretningsaktiviteter, (2) lokal værdiskabelse, og (3) erfaringsudveksling og læring, som turismelitteraturen identificerer som det primære udbytte, som netværk bidrager med i udviklingen af succesfulde turistdestinationer.

Små turistvirksomheders netværksaktiviteter på destinationsniveau finder sted i regi af offentlig drevede paraplyorganisationer: VisitViborg (VV) og Viborg Egnens Erhvervsråd (VER). Begge organisationer, og de aktør-/netværksaktiviteter de initierer, faciliterer og organiserer er topstyrede, og med et lokal fokus, hvilket afspejler det faktum at geografisk og institutionel nærhed fra et makro-perspektiv er centrale betingelser, der linker offentlige og private aktører sammen i regi af disse to organisationer. De to organisationer tjener overordnet forskellige formål (henholdsvis specifik turismeudvikling og markedsføringsaktiviteter, og generel erhvervsudviklingsaktiviteter), men begge organisationer giver de små turistvirksomheder stor mulighed for, at få adgang til forskellige former for tavs og eksplicit viden rettet mod kompetence- og forretningsudvikling (know-hvad, know-how, know-why, know-who). Ikke desto mindre, er den primære årsag til at de små turistvirksomheder interaktion med disse organisationer, knyttet til de fælles salgsfremmende markedsføringsaktiviteter organisationerne faciliterer. Kun ganske få små turistvirksomheder lader til at gøre bruge af de offentlige kompetence- og forretningsudviklingstilbud. De små turistvirksomheder refererer primært til få tidsmæssige ressourcer samt et begrænset behov, som årsager til deres ligeledes begrænsede interesse for individuelle kompetenceudviklingsinitiativer, hvilket understøtter offentlige aktørers opfattelser og oplevelser i denne forbindelse. Alt i alt kan de små turistvirksomheders relationer til de to paraplyorganisationer siges at være løst forankret afspejlet i vedvarende medlemskaber, der hovedsageligt er betinget af den adgang de leverer til offentlige ressourcer.

En central pointe i forhold til offentlige netværksaktiviteter er, at de påtager en servicerende rolle hvilket lader til at påvirke netværkene negativt i forhold til at inddrage virksomheder aktivt og helhjertet. De forventede fordele ved netværksaktiviteter er blevet overvejet, men hvordan netværkene skal håndteres og ledes, herunder at sikre forventningsafstemning af netværksmedlemmer, lader til at ske løbende. Især i forbindelse med VV synes en følelse af ”os” versus ”'dem” at karakterisere nogle af de små turistvirksomheders holdninger til destinationsniveau netværk, hvilket forklares ved en organisatorisk, kognitiv og institutionel afstand mellem de små turistvirksomheder og de offentlige, samt store private turismeaktører.

De to paraplyorganisationer på destinationsniveau er en grobund for nye parallelle samarbejdsrelationer på virksomhedsniveau. Afhandlingens undersøgelser tyder på at samspillet mellem de små turistvirksomheder og offentlige organer og disses aktiviteter resulterer i to typer af netværk: *encouraged* netværk og *sparked* netværk. *Encouraged* netværk refererer til relationer, som de små turistvirksomheder er opfordret og opmundret til at etablere eller videreudvikle som et resultat af offentligt initierede, faciliterede og organiserede aktør/netværksaktiviteter. *Sparked* netværk derimod opstår som en direkte konsekvens af små turistvirksomheders utilfredshed med offentlige initiativer.

I modsætning til forventningerne i turismelitteraturen, peger afhandlingens empiriske undersøgelser på et meget begrænset brug af venner og familie i forretningsudviklingsinitiativer. Det lader derimod til at være andre virksomheder, der faciliterer viden, ideer, inspiration og andre ressourcer i forhold til forretningsaktivitet og udvikling. Vedrørende netværk på virksomhedsniveau identificerer afhandlingen netværk, der er orienteret mod forretningsaktiviteter, lokal værdiskabelse, og erfaringsudveksling og læring. Netværk, hvis primære fokus er forretningsaktiviteter, specielt fælles markedsføringsinitiativer, er stærkest repræsenteret.

De relationer, der kendetegner samarbejdsrelationer i netværkene på virksomhedsniveau, er primært forankret, dog i varierende styrke; og de faciliterer tavs viden, specielt know-how og know-who. Jo stærkere tillid (*goodwill*), der kendetegner netværksmedlemmernes relationer, jo mere detaljeret og personlig viden deles der i netværket. De små turistvirksomheders begrænsede ressourcer, og deres overvejende investering i forankrede relationer, synes at være indbyrdes forbundne i den forstand, at udveksling af viden samt andre ressourcer via forankrede relationer er mindre tidskrævende, samt at viden, der tilvejebringes via forankrede relationer er detaljerede og præcise, ligesom gensidige forventninger og fraværet af opportunisme anses for at veje tungt. Pointen er, at små turistvirksomheders investering i forankrede relationer er en måde at økonomisere samt opbygge ressourcer uden alt for mange risici forbundet. En mulig faldgrube er, at forankrede relationer kan blinde og begrænse aktører i at opsøge ny fjern viden, ideer og inspiration, der kan udløse innovativ udvikling. Dette lader dog ikke til at være tilfældet i denne i dette studie, hvor armslængde relationer anvendes til at få adgang til specialiseret viden og ideer, dvs. eksplicit know-what, know-how og know-why. Med hensyn til adgang til specialiseret viden, er en tendens identificeret især i netværk, hvis primære fokus er udveksling og læring, at der udvikles forankrede relationer til aktører, der repræsenterer andre faggrupper, og dermed helt en anden videnbase og specialiseret viden, hvormed adgang til fjern viden sikres via forankrede relationer.

Med hvem små turistvirksomheder indvilliger i at indgå i netværk på virksomhedsniveau med, er i høj grad betinget af kognitiv nærhed, dvs. fælles oplevelser, udfordringer og tilgang til virksomhedsdrift, hvilket fremhæver en fælles referenceramme som væsentlige i forhold til etableringen af forankrede relationer. De små turistvirksomheder argumenterer for eksempel, at store turistvirksomheder og offentligt ejede turistvirksomheder er ”for anderledes”, ”taler et andet sprog”, og ”har flere ressourcer til at investere”, og derfor ikke har forståelse for de udfordringer en lille privatejet turismevirksomhed typisk står med. Hvad mere er, at destinations- og virksomhedsniveaunetværksanalyserne begge viser, at proaktivitet på vegne af (tilsigtede) netværksmedlemmer ikke er en vellykket strategi på trods af gode intentioner fra offentlige eller private netværksinitiativer. Dette peger også på at kognitiv nærhed kan relateres til organisatorisk nærhed (stor/lille virksomhed) samt institutionel nærhed (offentlig/privat).

Samlet set tegner der sig et billede af, at et netværks succes (at opnå tilsigtede netværksmål) er et resultat af netværksaktørers kognitive nærhed afspejlet i en fælles referenceramme, og fælles opfattelse for vigtigheden af netværket og dets aktiviteter, og således, at netværket kendetegnes ved medlemmernes gensidige investering i netværket. Som anført i forhold til offentlige netværksinitiativer, er netværksledelse, i form af at sikre en fælles retning samt at aktørers forventninger er afstemte, også centrale succeskriterier for netværk, der etableres på virksomhedsniveau.

Brugen af eksplicit viden faciliteret af armslængde relationer har bidraget til explorative processer, specifikt helt nye måder at organisere fælles salgsfremmende aktiviteter og produktudvikling på (f.eks. at samle produkter med henblik på at tiltrække nye målgrupper). Afhandlingen giver også eksempler på armslængde relationer, såsom brug af konsulenter med ekspertviden (eksplicit know-why og -how), der støtter exploitative processer, hvor viden anvendes direkte med det specifikke formål, at forbedre eksisterende viden og måder at gøre tingene på. Dog er anvendelsen af armslængde relationer som facilitator af fjerne viden og ressourcer generelt begrænsede. Som indikeret, synes små turistvirksomheder der oplever et konkret behov på dette område til aktivt at opsøge og etablere forankrede relationer til sådanne aktører, for dermed at etablere let adgang til specialiseret viden samt nye perspektiver.

Exploitation, der bygger på tavs viden faciliteret af forankret relationer er, som foreslået i litteraturen, også kendeteget ved afhandlingens empiriske undersøgelser. Forankrede relationer fremstår dog også som understøttende for *exploration*. Dette skyldes primært et højt niveau af tillid, der bidrager til et miljø, hvor frygt for at afsløre erfarede problemer er minimeret. Dette medfører, at der tales åbent, at forretningsidéer og tilgange deles, hvilket resulterer i nye og innovative fælles løsninger på fælles udfordringer.

Afhandlingens antagelser om, at *examination* primært understøttes af forankrede relationer, har vist sig korrekte. Dette kommer specielt til udtryk i forretningsidéer i forbindelse med markedsføring, produkter, ledelseskompetencer, der kontekstualiseres og afprøvet i forum af forankrede relationer med det formål få konstruktiv kritik, samt ærlig og pålidelig feedback, og endda specifikke løsninger på udfordringer.

Kapitel 10, *Small tourism firms' inter-organisational relations and knowledge processes: Conclusions and perspectives*, opsummerer de centrale teoretiske og empiriske resultater, og byder dermed på en endelig konklusion på afhandlingen sammen med perspektiver, der ud fra faglige såvel som praktiske policy-perspektiver ville være interessante at undersøge yderligere.

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